

The NATIONAL UNDERWRITER

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Program Ready For Annual Meeting Of National Assn. Of Insurance Agents

Details have been completed for the 65th annual convention of National Assn. of Insurance Agents at Dallas Sept. 24-27. The executive committee under Chairman Cooper M. Cubbedge of Jacksonville will hold sessions the four days preceding the convention opening on Monday. All sessions of the convention are at the Statler Hilton. Rex S. Harris is convention chairman, Walter G. Hartley Jr. is chairman of the men's committee, and Mrs. M. J. Mittenthal heads the ladies' committee. All are of Dallas. The program is:

Sunday, Sept. 24

9 a.m.—Registration, ballroom floor.
9:30 a.m.—Secretary-managers' meeting, Junior ballroom.

12—Ladies' lounge opens in rooms 422-30.

3:15 p.m.—Meet the press panel, Grand ballroom. H. H. Nelson, Council Bluffs, executive committeeman, moderator. For the industry: T. Nelson Parker, Virginia commissioner and president of National Assn. of Insurance Commissioners; William E. New-

comb, president of Great American; Kent Parker, manager of Inter-Regional Insurance Conference, and Porter Ellis of Dallas, president of NAIA. For the press: Fred C. Crowell Jr., publisher Insurance Field; Harry P. Bouck, editor Mid-American Insurance for Agency Producers; Roy Pasini, editor of Underwriter's Report, and Kenneth O. Force, executive editor of THE NATIONAL UNDERWRITER.

6:45 p.m.—Get acquainted buffet, Grand ballroom.

Monday, Sept. 25

9 a.m.—Opening general session, Grand ballroom, Porter Ellis presiding. Recognition of past presidents. Victor

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Mass. Brokers Blast Homeowners Filing

James Cantor, Boston, president of Insurance Brokers Assn. of Massachusetts, has scored a new filing to reduce Massachusetts homeowners rates and has predicted that a reduction would lead to a tightened market, commission cuts, slow payment of claims and "serious threats to company solvency."

Hits Judgment Used

Writing in the association's newsletter, Lines for Brokers, Mr. Cantor stated that the judgment used in filing the 1959 homeowners was not sound and that the present rate itself is inadequate. He went on to say that even without such evidence, the association believes the present Massachusetts program has not been in effect long enough to develop adequate experience for any rate change—up or down—and that no further use of a judgment factor should be allowed.

Mr. Cantor closed with a challenge to "those few who stand to benefit from a further rate cut," and offered to publish their remarks if "they feel that their reasons can be frankly stated."

Formal Statement Given

In his formal statement, Mr. Cantor wrote: "Massachusetts homeowners rates may be reduced again if we are correct in believing that a new filing is now being studied by the Massachusetts department. State rating laws and filing procedures make it impossible for us to obtain either the loss and expense figures used to justify the new filing, or any definite official confirmation that the filing exists. Despite these difficulties, we are reasonably certain that a filing has been made and that it calls for a new rate cut."

Mr. Cantor said that evidence now available through informal conversations with company executives, as well as reports of underwriting losses appearing recently in the business press, helped to form the association's thinking on the "new filing."

A homeowners filing by New England Fire Insurance Rating Assn. is pending before the Massachusetts department.

Loss Men Ready Ahead Of Time For Texas Hurricane

The hurricane that struck the Gulf Coast of Texas Monday had a double name before it reached land. It was euphemistically called "Carla" by the U. S. Weather Bureau, and Catastrophe #27 by the National Board. By the middle of the week it had caused extensive loss, estimated in the daily papers as "hundreds of millions," but no reports could be made by the adjusting organizations at such an early date. Details are not necessary, however, to confirm the expectations that this will be a major insurance disaster which will have an effect on the loss ratios of most of the fire companies.

Elaborate Preparations

Insurance preparations for this storm were the most elaborate ever undertaken for any loss before it happened. For several days beforehand it was obvious the hurricane would hit the Gulf Coast. General Adjustment Bureau routed 300 men from the eastern, southeastern, western and Pacific Coast departments to Texas over the weekend. Many of them were in Texas before the winds were high. National Assn. of Independent Adjusters had its catastrophe plan in operation. It was the first time an adjusting organization had ever moved men to the scene of a loss before any damage occurred.

This early action of the insurance industry to perform its functions received due notice in the press. The situation was unusual in the early stages—news services had reporters all over the area where the hurricane was expected, but before the storm arrived they had little to write about but the preparations.

As the wind hit, a sizable portion of the coast was subjected to exceed-

(CONTINUED ON PAGE 45)

Fla. Court Allows Policy Switch Under Mortgage

The decision of a Florida district court of appeals that a homeowner can change his insurance policy in connection with a mortgage is a precedent setting decision that may have repercussions outside of Dade County where it was made, according to a statement by George R. McKiever, Miami, president of National Assn. of Mutual Insurance Agents.

Wanted To Change Policies

Edward H. Maisel, the homeowner, went to court because he wanted to change policies at the end of the first year of his loan. The mortgage holder, J. I. Kislak Mortgage Corp., claimed it was not its practice to interrupt existing coverage until the normal expiration date. A lower court upheld Kislak, but the appeals court said that a Florida law, making it illegal for a mortgage holder to coerce a homeowner on the original policy, also applied to any change he desired to make.

Mr. McKiever does not believe the point has been ruled on elsewhere.

N. J. Agents' Main Desire Is Freedom Of Contract Bill

Hutchison, Weidel Named To Top Posts; Blast By Barry On Current Scene

ATLANTIC CITY—Determination to achieve freedom of contract legislation similar to New York's Barrett-Russo bill was a keynote at the annual meeting here of New Jersey Assn. of Insurance Agents. The theme was sounded by James L. Ryan, Paterson, in his presidential report and was repeated with emphasis in the legislative committee's account of its activities during the year.

John R. Barry, president Corroon & Reynolds, added to the cumulative impact in his rousing message calling for a return to sanity in competitive conditions. He said that when the fog is eliminated the picture is plain: The whole present philosophy of competition boils down to reduction in price for the public at the agent's expense through lower commissions.

The meeting drew the usual throng of close to 800 which is attracted

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Sec. Of Labor Goldberg For Broader, Improved WC

Secretary of Labor Goldberg has written to all state labor commissioners and state administrators of workmen's compensation programs, urging improvement in the WC system. His action was in connection with the 50th anniversary of WC, marking establishment of the first law in Wisconsin.

Mr. Goldberg said that WC should be extended to millions now excluded, benefits should be increased and paid promptly, and greater and more effective methods should be sought to rehabilitate injured workers through medical care and training.

Mutual Loss Managers Meeting Cancelled Because Of Carla

One of the first effects of Hurricane Carla was to cause cancellation of the Mutual Loss Managers Conference that was scheduled for the Edgewater Beach Hotel, Chicago, Sept. 19-22. The governing board of Mutual Loss Research Bureau instructed the management to cancel the 1961 meeting as the demand for adjusting help in the field and in the offices obviously would have curtailed attendance appreciably.



Gov. John Dempsey of Connecticut, right, accepts the first certificate written under the new Connecticut 65 plan for extended health insurance for persons 65 and older in Connecticut. Making the presentation is Frederick P. Perkins, Aetna Life, a member of the plan's executive committee. Louis R. Lyman Jr., Travelers, acting manager of the plan, holds the application which the governor filled out to obtain coverage for his mother, Mrs. Edward Dempsey.

Losses Constitute One Area Where Business Could Improve Its Results

One of the chief executives of a large insurer organization writes:

I have been reading with a great deal of interest the series of articles in your paper during recent weeks, wherein leaders in the business have expressed their views on the reasons for the ills from which the business is suffering today.

There is one phase of the business which has not been given any serious discussion. That is the laxity in the field of loss adjustments. There are cases every day in which losses are handled in an indifferent manner, where excessive payments obviously are being made, and where proof is taken when there is a serious question

of liability. This applies to both large and small losses but particularly to the latter where bills are accepted with no effort to verify quantities or prices. Multiply these small losses by the thousands and the figures become tremendous. There was a time when it was considered good public relations to take a liberal attitude on small losses. But with the present loss ratios, lowered rates, and a claim conscious public, that time seems to be gone.

Covers Everything

With the introduction of the homeowners, the public has been educated to believe that no matter what happens it is covered. It is estimated that small losses of \$25 and under on homeowners policies are now at the rate of a million a year. The cost to adjust these losses properly is more than the amount of the claims. The only solution to the problem would be an across the board deductible of \$50 on homeowners.

We are constantly confronted with the replacement cost of stolen or destroyed household effects at list price, though few persons today pay "list." They get them at discount prices.

Here are two recent claims under the same policy. One is theft from a summer cabin of articles insured claimed were carried back and forth and were not a part of the summer residence—a travel alarm clock, \$7.95;

a battery shaver, \$29; sleeping bag, \$34; and radio, \$99.50. We paid the list prices though all of the articles could have been replaced, even in the best department stores, for less.

The second claim was for articles stolen from an automobile while insured (the same one) was traveling in California—binoculars, \$75; camera, \$13.98; jacket, \$30; leather purse, \$10; radio \$19.95; cash \$25.25; two fountain pens, \$7.95; two rolls of film, \$4.80; dry cell light, \$10.25; wallet, \$5; make up kit, \$7.50; compact, \$5; two lipsticks, \$2.50; pair of gloves, \$8.50; lady's sweater, \$10.95. Here again the insurer replaced old with new, and, again, at list and not at discounted prices.

With inflation, anything less than \$500 is considered a small loss. A survey in a large city a year or two ago showed that in 75% of the so-called small losses, no one made a personal inspection of the damage. In three-fourths of such losses the estimates were accepted without question.

Our own and other companies have many examples of gross over-payments due to failure to make the most routine inspection. Or, if an inspection is made, the person making the inspection either has myopia or a total disrespect for the insurer's money.

For example, one insurer received proof of loss on a claim for \$8,000,

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U.S. Market Capacity Almost Untapped, Mertz Tells Buyers

The fact that \$400 million in premiums annually go to non-admitted companies is evidence that the fire and casualty insurance industry is not providing the insurance buyer everything he is seeking in coverages and rates, according to Arthur C. Mertz, general counsel National Assn. of Independent Insurers. He was discussing "The Independent View of The Rating Scene" at a meeting of Risk Management Institute at University of Connecticut.

Sponsors Named

The institute was sponsored by Connecticut Valley chapter of American Society of Insurance Management and the university's school of business administration.

Mr. Mertz said the reasons the industry is not meeting the demand are at least three-fold. Partly to blame are unresponsiveness on the part of some segments of the industry itself, inflexibility of some of the state laws and regulations under which the industry must operate, and failure of the insurance buyer to use every means possible to buy in the admitted market.

Of industry unresponsiveness he said, "There exists in America a vast, untapped reservoir of fire and casualty capacity. If it could be unfrozen the scope of the so-called surplus lines problem would be reduced dramatically. Part of this untapped reservoir lies with the companies which have yet to get their feet wet in writing the kinds of insurance and classes of risks which are now being exported. Many of our members are in this category when it comes to the large commercial and industrial lines. These companies have been deterred by a variety of factors from getting into the swim. Steps are being taken to overcome them."

Another Sizable Portion

Another sizable portion of the untapped reservoir reposes with admitted companies which have both the size, the know-how and the facilities to handle large corporate risks—and in fact are now underwriting some of them—but which for various reasons have been unresponsive in providing

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Casualty Company, Agent Meeting Set

The annual joint meeting of National Assn. of Casualty & Surety executives and National Assn. of Casualty & Surety Agents will be held at the Greenbrier, White Sulphur Springs, W. Va., Oct. 8-11.

A discussion of rate regulatory laws is scheduled for the first business day. Moderators will be James M. Crawford, vice-president of North America, president of the company group, and Guy T. Warfield, Baltimore, the agents' president. Representatives of National Assn. of Insurance Brokers and National Assn. of Surety Bond Producers have accepted invitations to participate.

The second day will be devoted to business meetings and on the third day the agents will conduct a discussion of some of the industry's problems. A banquet will be held Monday evening.

Agent Council Formed By Atlantic Mutual

Atlantic Mutual has formed an agents advisory council. Miles F. York, president, stated that three regional meetings of the council will be held: Sept. 18-19 in New York; Sept. 21-22 in Chicago, and Sept. 28-29 in Pebble Beach, Cal. In October a national council meeting will be held in New York with agents from each of the three regions participating.

The formation of an agents advisory council, Mr. York said, is a direct outgrowth of the informal agents' seminars which were held in 1960. The new council will be a continuing body with a rotating membership. Its purpose is to provide a panel of agents from different parts of the country to meet with company officers and discuss ways to solve today's competitive problems in the insurance business.

The company expects that the advisory council will make possible on a continuing basis the same constructive, cooperative effort that has proved fruitful through the seminars.

Stewart Hopps Indicted For Income Tax Evasion

Stewart Hopps, former insurance executive, has been indicted by a New York federal grand jury for evading payment of approximately \$1.5 million in personal and corporate income taxes.

The indictment charges that false returns were filed for Mr. Hopps from 1953 through 1955, and for Atlantic Brokerage Corp. a Nevada company reportedly owned by Mr. Hopps, for the years 1952 through 1954. A total of \$8,923 was paid on all six returns against actual taxes due of \$1,423,906, the indictment states.

Government officials said that the full amount owed, counting interest and penalties, is about \$4 million.

Named with Mr. Hopps were Lowell M. Birrell, an associate of Mr. Hopps who has been out of the country for several years; Mrs. Loretto C. Chooljian, Mr. Hopps' former secretary and office manager, and Louis Kovel, a tax consultant.

Selective Appoints

Selective of Cincinnati has named Gordon Carson field representative for Indiana. Mr. Carson will be located in Indianapolis and succeeds Eugene Lyons who has been transferred to the home office.

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State Farm Makes Regional, Home Office Changes

State Farm has made several changes in connection with its management decentralization program, effective Jan. 1 at the eastern regional office in Charlottesville, Va. H. E. Baumberger has been named regional vice-president there. He has been with the company since 1930, most recently as director of the Virginia agency, Richmond.

E. A. Breyvogel, resident vice-president at Charlottesville, and Donald T. Zimmerman, assistant state director in Virginia, have been promoted to deputy regional vice-presidents. C. M. Trubac, W. E. Daniel Jr., T. J. Kelly Jr., D. W. Thompson Jr., F. W. McCoy and H. H. Walton Jr. have been named agency directors for the eastern region. All were assistant state directors at Richmond.

Home Office Promotion

At the home office, C. Ford Eckles has been advanced from senior analyst, procedures, to superintendent of agency administration.

Harry Simpson, district manager in Maryland, has been named agency director for eastern Michigan, with headquarters at Marshall. Also at Marshall, Rex Gearhart has been promoted from service specialist to agency records superintendent, Carl Ryan from underwriting unit supervisor to underwriting superintendent, and Charles Smith from service specialist to service superintendent.

At West Lafayette, Ind., Carl Floyd has been raised from claim superin-

tendent to divisional superintendent, and Norman Wilder from assistant superintendent administrative services to administrative services superintendent.

At Springfield, Pa., Charles Harreden has been advanced from assistant personnel manager to regional personnel manager, James McDonnell from assistant agency records superintendent to agency records superintendent, and Ralph Hofstinger from assistant regional auditor to regional auditor.

E. J. Hall, assistant superintendent administrative services at Wayne, N. J., has been named administrative services superintendent there.

In Jacksonville, Robert Tong has been raised from assistant claim superintendent to claim superintendent and Lawrence Wangler from property claim supervisor to property claim superintendent.

Ray Russell, division claim superintendent at Dallas, has been appointed assistant division manager there.

Others promoted from assistant claim superintendent to claim superintendent are John L. Hunt at Newark, O., Anthony Gregorio at Bloomington, Ill., Paul Dygard at Columbia, Mo., John Carruth at St. Paul, John Whitman at Santa Ana, Cal., and Royce Harper at Lincoln, Neb.

Colo. AR Plan Reports

Manager R. G. Shurtleff has sent to subscribers a report on operations of Colorado Automobile Assigned Risk Plan for the period July 1, 1960-June 30, 1961. In that time, 8,724 new applications and 11,490 renewals were handled, a total of 20,214.

New policies were issued and accepted for 7,887 new assignments and

6,484 renewals, while a total of 5,807 applications were not issued policies, 160 because they were rejected by the plan for cause, 153 for rejection by the companies, 488 because applications were dropped, and 5,006 because policies were not taken by applicant. At the end of the period there were 36 applications pending.

Of 27 appeals acted upon by the governing committee, nine rejections were sustained, 10 were overruled, two were disposed of for medical reasons and six for other causes.

Leading automobile BI writers in Colorado, based on 1959 premiums, are State Farm Mutual Auto, Farmers Exchange, Allstate, Truck Exchange and U.S.F.&G.

\$850,000 Estimated Loss From Alaska Reefer Fire

The loss to American and British marine insurers will approximate \$850,000 in the burning and capsizing of the 962-ton ship Alaska Reefer in Puget Sound, Aug. 28. The refrigerated motor vessel, loaded with frozen fish and approaching Seattle from Alaska, was believed to be a total loss as the result of an engine room fire.

Coverage on the ship was placed by Robert O. Fleming & Co., Seattle brokers. Hull and machinery are expected to be a constructive total loss. Of the \$340,000 hull cover, \$161,500 was placed in the London market, and the balance divided among Aetna Fire, British & Foreign, Connecticut Fire, North America, Commonwealth, Niagara Fire, St. Paul F.&M., Union of Canton, Commercial Union-North British, Utah Home, Stuyvesant, and Transit Casualty.

The cargo loss is estimated at \$500,000 with 56 1/2% in the London market. The balance is divided among Aetna Fire, British & Foreign, Atlas, North America, Commonwealth, Niagara Fire, St. Paul F.&M., Union of Canton, Commercial Union, North British, Utah Home, and Transit Casualty.

An estimated \$22,000 in currency, on board to permit fish purchases, was also lost. A currency cover of \$30,000 was shared equally by British & Foreign, William H. McGee & Co. and Union of Canton.

Honor Millionth Federal Employee To Choose Blues

The U. S. government marked the enrollment of its one-millionth member in the Blue Cross and Blue Shield plans recently with special ceremonies in the Senate dining room. John R. Norpel, personnel investigator for the State Department, was honored as the millionth subscriber to select the plans under the federal employees health benefits act. Present at the ceremonies were Walter J. McNerney, president of Blue Cross Assn., and William F. Howard, president of National Assn. of Blue Shield Plans.

New Chicago Handbook

A new Underwriters Handbook of Chicago and Cook County has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance in this territory. Copies of the new Chicago and Cook County handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price \$12.50 each.

Defossez Is Deputy Of N.Y. Department As Brooks Retires

Raymond M. Defossez has joined the New York department as deputy superintendent. He succeeds Walter F. Brooks who is retiring.

Fairfield W. Hoban has been advanced from assistant counsel to associate counsel of the department's welfare fund bureau. Natale C. Tedone succeeds Mr. Hoban. Harold M. Leeds has joined the department as insurance research consultant.

Mr. Defossez has been counsel in New York with Continental Casualty. Before joining that company in 1956 as attorney, he practiced law in New York.

Veteran of 22 Years

Mr. Brooks was with the department for 22 years. He began as an examiner, became assistant deputy superintendent in 1949 and acting deputy superintendent shortly thereafter. He held the administrative designation of deputy superintendent since 1950 and in 1959 was transferred from a civil service to an appointive capacity with that title. He has been in charge of the Albany office.

Mr. Hoban was special assistant counsel to the department before his assignment to the welfare fund bureau. Mr. Tedone and Mr. Leeds came to the department from private law practice.

Cal. Agents Set Seminars

California Assn. of Insurance Agents is holding a series of technical seminars on comprehensive general liability and multi-peril policies. They will take place Sept. 18-19 at Berkeley; Sept. 20-21, Sacramento; Sept. 25-26, Palo Alto; Sept. 27-28, Fresno; Oct. 9-10, Pasadena, and Oct. 11-12, San Diego. Coordinator for the seminars is R. B. Masters, executive manager Insurance Underwriters Assn. of the Pacific.

Ia. Mutual Tornado Assn. Sets Meet

Iowa Mutual Tornado Assn. expects a record crowd of more than 650 agents, county mutual officers and directors at its annual agents conference Sept. 19-20 at Hotel Fort Des Moines.

Keith Kirkpatrick, associate farm director of station WHO, Des Moines, will give a talk entitled "You and the Trends." Charles Lapp, professor of marketing at Washington University, will analyze the trend to scientific selling.

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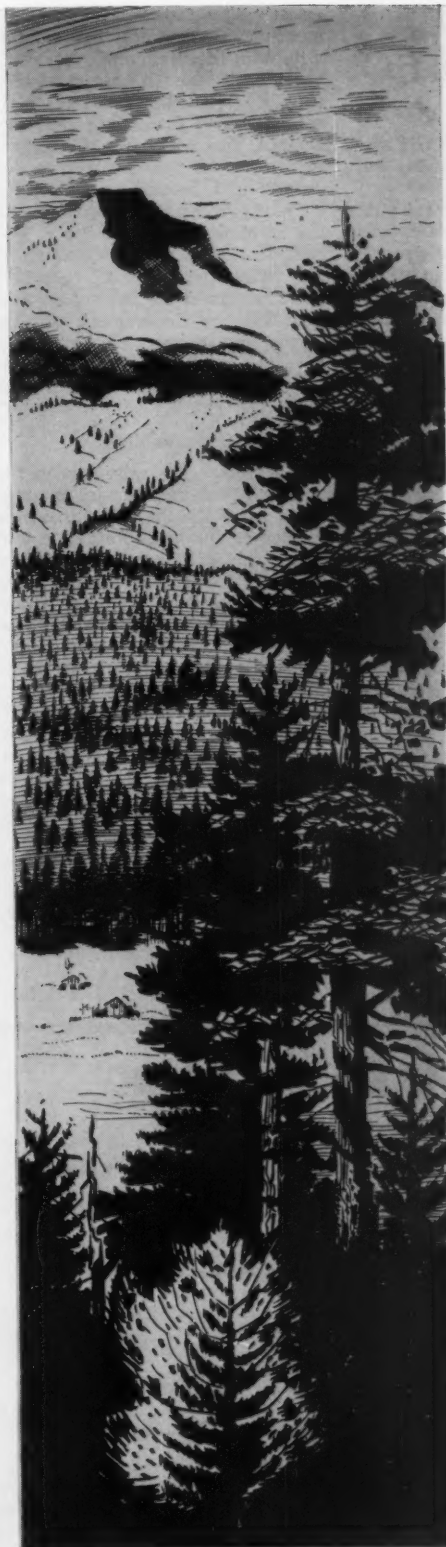
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State Farm F.&C. Wants Suburban HO Filing Reinstated

LITTLE ROCK—State Farm Fire & Casualty, in a full dress hearing here Sept. 6 before Commissioner Harvey G. Combs, defended its filing for writing homeowner risks at protected rates in suburban areas in which municipal fire department service and standard fire hydrants are available. The company asked that its filing, disapproved March 14, 1961, be reinstated.

The filing, originally approved for use in Arkansas effective Dec. 1, 1960, was subsequently disapproved and ordered suspended on grounds that it was unfairly discriminatory and that its operation was next to impossible for the department to police effectively.

J. H. Hazard, State Farm F. & C. vice-president, in his testimony explained how the company had arrived at its "suburban classifications" by using National Board town grading factors and downgrading them for application in suburban areas. Under this formula, he pointed out, suburban risks within five miles of the corporate limits of a Class 4 city are accorded Class 6 homeowner rates.

Miss Fannie Hardy, executive assistant insurance commissioner, questioned whether policyholders in such areas rated as 6th class do, in fact, have the same degree of protection as a policyholder in a Class 6 town. Mr. Hazard contended that "in total effect, it is the same." In response to questions from assistant commissioner Glen Sawyer, Mr. Hazard testified that the assessing of deficiency points in

classifying suburban areas was a judgment consideration in establishing minimum requirements.

"In each case we have graded 'water supply' two classes lower than the municipality furnishing the water," he said. This was done advisedly as we wanted to be conservative in our approach and because under our rules only the minimum requirements for the municipal water supply need be met." In establishing deficiency points for "fire department," State Farm F.&C. assigned the same class as assigned the fire department of the city furnishing the service on the ground that the service would be essentially the same either inside or outside its corporate limits.

Question Dependability

Questions were raised as to the dependability of fire service in suburban areas in which the city furnishing the service has no legal obligation to do so, where the service was supplied on the basis of "practice and custom" only.

"Our suburban protected rates will not apply if the city has an ordinance prohibiting the fire department from servicing suburban calls, or if it does not by custom and practice respond to such calls," Mr. Hazard said. "As to dependability of service outside the corporate limits, it is our contention that those people responsible for and in charge of all municipal services, including the fire department service (namely, the municipal engineer, the fire chief, and the water department superintendent), are responsible, intelligent people fully capable of giving our agent the information needed to properly classify the available fire protection."

Mr. Hazard argued that unfair dis-

crimination cannot result "from a difference in the application of a schedule by different organizations. Our application cannot result in inconsistencies or misunderstanding as we are not classifying a suburban area. We are classifying the protection afforded individual risks by the uniform application of our adaptation of a grading system."

No Suburban Schedule

William Harmon, chief engineer Arkansas Inspection & Rating Bureau, testified how town gradings are established in Arkansas and that there is no schedule for suburban areas. Water supply, as a fire protection factor, in an area is an individual problem, and water systems in fringe areas outside of cities vary greatly, he said. He also pointed out that the quality of fire department service to suburban dwellings outside varied very little in Arkansas between a Class 4 fire department and one classed 6 or 7.

The department officials in the hearing displayed concern over the possibility of misclassification of outside dwellings.

"There is no way in the world to police this business," Commissioner Combs said at one point. "How would an examiner know whether a piece of property is outside and properly classified?"

Mr. Combs requested that State Farm F.&C. submit formal brief within 30 days. The hearing attracted a number of interested spectators, among them various company men and rating bureau officials.

Badger Mutual Names Three

Badger Mutual has promoted Loretta Koch, director and assistant secretary and Don R. Ruetz, assistant treasurer, to vice-presidents. Arthur P. Gesch, assistant vice-president, has been named to succeed Mr. Ruetz as head of the actuarial division in addition to remaining in charge of the service, systems and property management division.

Miss Koch joined the company in 1937. She has been assistant to the president and personnel counselor. In 1950 she was elected assistant secretary. She will continue as director of office services. She is vice-president of Milwaukee chapter of National Assn. of Insurance Women.

Mr. Ruetz went with the company in 1946 in the underwriting department. He has worked in underwriting, statistical analysis and claims review. In his new position he will assume responsibility for the underwriting department.

Dillon, Oliphant Named In Changes By Fireman's Fund

Firemen's Fund has made several changes in its Pacific department.

William H. Dillon has been appointed



James H. Wells



William H. Dillon

ed manager of fire operations to succeed O. D. Oliphant, who has been transferred to the home office on special executive assignment. James H. Wells has been named special representative at the central bonding office in San Francisco and N. Thomas Martin bond claims superintendent for the Pacific department.

Mr. Dillon joined the company in 1940, was transferred to Salt Lake City as special agent in 1946 and named state agent there in 1952. In 1954 he was appointed agency superintendent at San Francisco, and in 1960 he was made assistant manager of the Pacific department.

Mr. Wells has most recently been manager of northern California and northern Nevada for American Surety. He is vice-president of Credit Managers Assn. of Northern and Central California, and a past president of Surety Underwriters Assn. of California and Casualty Insurance Assn. of California.

Mr. Martin started with National Surety in 1948 as an adjuster. He was at Seattle until 1957, when he joined the central bonding office. He is vice-president of Surety Claims Assn. of Northern California.

Agency Veterans Honored

Jay, Schlesinger & Benisch agency of Newark, N. J., has honored four colleagues whose insurance experience totals 202 years. Feted at a party at the Treat Restaurant in Newark were Julius Epstein, who has been in the business 60 years; Richard J. Crocker and Theodore C. Jay both 50 year men, and Joel L. Schlesinger, a 42 year veteran. Mr. Epstein, who is 82, still puts in a 40 hour week.

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REPRESENTATIVE SELECTION FALL INSURANCE OPENINGS

N-1012*

M. WEST—MULTI-LINE SYSTEMS ANALYST—\$12,500.

Age to 38, college degree. At least 7 years diversified Home Office systems experience. Very desirable position for individual interested in medium sized, highly progressive company. Unusual scope of duties.

N-1013*

EAST—ASSISTANT MANAGER—DATA PROCESSING—\$10,000.

Age to 40, college degree. Minimum 5 years Home Office Fire-Casualty IBM background. Company in small Eastern city—well known carrier.

N-1014*

EAST—FIRE UNDERWRITING MANAGER—\$10,000.

Highly recommended position for man desiring affiliation with reputable progressive medium sized company. Will assume entire responsibility for newly formed Property Department. Advantages of small city living conditions, close to large city.

N-1015*

M. WEST—HOME OFFICE CLAIMS ADMINISTRATOR—\$18,500.

Age to 42. Legal degree. Employer interested only in applicant with current lengthy Home Office Administrative experience. Interesting Home Office duties plus supervisory network of Branch Offices.

N-1016

SOUTH—CASUALTY UNDERWRITING MANAGER—\$10,000.

Well known stock company establishing Southern Department. Age to 42, college degree. Minimum ten years "heavy" underwriting Comp., Lib., and Misc. Casualty lines. Definite managerial experience required.

N-1017*

M. WEST—CAS. ASS'T. AGENCY DIRECTOR—\$13,500.

Agency system carrier established 25 years. Assets in excess of \$100,000,000. Age to 42. College degree. Experience should include lengthy Home Office Managerial background, plus conversancy with agency problems in large number of states. Proven background in selection, training of Special Agent staff mandatory.

N-1018

M. WEST—ASSISTANT CONTROLLER—\$10,000.

Stock Company operating on multi-state basis. Employers specifications: Age to 35. College degree. At least five years Home Office Controller Department experience. Potential on this position far above average.

N-1019*

EAST—STATISTICAL SUPERVISOR—\$10,000.

Age to 38. Six years Home Office Fire-Casualty statistical experience. Background should include supervision of other employees. Rapid promotion.

* Employer pays moving expenses and service fee. Please mention job number in responding. Write for our brochure "HOW WE OPERATE". All inquiries confidential.

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Fund Has New Income Protection Plan Available

A new A&S coverage has been made available through Fireman's Fund.

The coverage, named Super Income Continuance Plans, is guaranteed renewable until age 65 and provides income protection against accident alone or against accident and sickness, depending upon the plan chosen.

Rather than pay for protection for a specified period of time, insured can choose a maximum "bank" upon which he can draw for each total disability, the banks ranging from \$10,000 to \$100,000. Another feature: Instead of a level monthly indemnity, as is customarily the case, the indemnity increases the longer the total disability continues.

The school of Insurance Society of New York is presenting courses in electronic processing. The basic course opens Sept. 19 and the advanced sessions begin Feb. 6, 1962. Gordon F. Gilchrist, Guardian Life, is instructor.

Accountants' Card Ready For Vermont Annual, Oct. 1-4

Society of Insurance Accounts will hold its annual conference Oct. 1-4 at Equinox House, Manchester, Vt.

Among program highlights are a number of panels. Participating in one on multiple direct billing, premium finance plans and master policy files are K. R. Atkins Jr., North America; Curtis R. Brabac, Travelers, and Arthur L. Hoffman, Keystone. A panel on electronic consolidation files will feature R. E. Anderson of SPAN; Linwood Fuller, Hartford Fire; E. T. Kylo, Royal-Globe; John May, Aetna Casualty, and J. E. Sivia, Continental Casualty.

William A. Atkins, Maryland Casualty, chairman of the society's internal audit and control committee, will present suggestions from that group on training an internal auditing staff. The statistical committee will cover several subjects, including the participating policy and its statistical requirements, homeowners continuous policy handling, farmowners policy de-

velopment, and reports to management. Methods of premium tax reservation will be analyzed by Reginald V. Hill, Royal-Globe, and a report on survey of contingent commission line allocation will be discussed by Mr. Atkins and Wister Baisch, Reliance.

The tax and legislative committee session will deal with state developments which affect insurance. Benjamin Frith, Maryland Casualty, will discuss excess of original premium over recorded premium.

TV To Aid Young N. Y. Males In Auto Discount

National Bureau and National Automobile Underwriters Assn. have decided that male students, enrolled in recognized driver education courses in New York high schools, can now take part of their classroom instruction over TV in schools and still qualify for auto coverage discounts.

New York pupils are the first to receive rate reductions in connection with TV courses. Discounts of 10% have been in effect, however, since 1955 for males under 25 who complete recognized courses. Young women pay the same rates as adults.

The course, to be televised by Channel 11, must be supplemented by additional classroom instruction and the required amount of behind-the-wheel experience.

Only 683 of New York's 826 high schools that met national standards during the past school year, according to a survey conducted by Insurance Institute for Highway Safety. Of the 151,483 pupils eligible, only 51,892 completed such a course. Students taking sub-standard courses numbered 38,045. There were 61,546 students who had no driver education course. More than 50,000 pupils, who had sub-standard courses or none, were boys who would have been eligible for insurance discounts.

Mutual Bureau is also granting credit for TV courses in New York.

Masonite Appoints Lange Insurance Buyer

Masonite Corp. of Chicago has named Donald E. Lange insurance manager. He had been assistant insurance manager of Automatic Electric Co.

To Offer 100,000 Shares

Interstate Fire & Casualty of Chicago has filed a registration statement with the SEC covering a proposed offering of 100,000 shares of common stock. White, Weld & Co. is the principal underwriter.

Blue Cross Seeks Tax Refund From Milwaukee

Associated Hospital Service of Milwaukee has filed a claim with the city for \$53,654 for taxes paid under protest in 1960. The Blue Cross says it believes the taxes were wrongfully levied against it in that it is exempt from paying them as a "charitable and benevolent corporation."

Mosenthal In Promotions

Thomas W. Sweeney has been named president of H. Mosenthal & Son, New York and national brokers. Mr. Sweeney, who is president of Insurance Brokers Assn. of New York State, succeeds his late father, Thomas M. Sweeney. Warren Bell has been named 1st vice-president; Thomas W. Sweeney Jr. 2nd vice-president, and Robert B. Sweeney secretary.

Holland Agency V-P In Afco Production

Paul M. Holland has been named agency vice-president of Afco at its New York headquarters. Mr. Holland, who has been vice-president and regional manager at Baltimore, will have charge of production activities of all U.S. offices and of the three Afco offices operating in Canada. He will supervise all production contacts with the more than 525 fire and casualty subscriber companies and with their agents.



Paul M. Holland

Robert G. McHugh, formerly regional manager at Chicago, replaces Mr. Holland at Baltimore. Louis L. Koelsch Jr., who has been assistant regional manager at Kansas City, becomes Chicago regional manager. Mrs. Gloria J. Lefton succeeds Mr. Koelsch at Kansas City.

Changes At Kausler Agency

M. V. Higbee has been elected chairman and Charles P. Gould president of George S. Kausler Ltd., river marine general agents of New Orleans.

Mr. Higbee has been with the Kausler general agency for more than 50 years, the last 33 as president. Mr. Gould also has a 50-year insurance background, 44 with Kausler general agency, the last 33 as vice-president and later executive vice-president. He becomes the general agency's chief executive officer.

Additional Posts

Messrs. Higbee and Gould will hold similar positions with Excess-Surplus Lines Inc., formed by the owners of George S. Kausler to write excess coverages and surplus lines.

Continuing as vice-president for the general agency are P. T. Baumgartner and Louis K. Hagstette, each of whom has been with the general agency for 30 years.

Mrs. Cleo Pearson, who has been secretary to Mr. Higbee for 41 years, is retiring Oct. 31.

PRIMARY COVERAGES IN ILLINOIS

| | |
|------------------------------|------------------------|
| WORKMEN'S COMPENSATION | GARAGE & DEALERS LIAB. |
| AUTOMOBILES & TRUCKS | LIQUOR LIABILITY |
| OLY-MFRS. & CONTRACTORS | MALPRACTICE LIABILITY |
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| PRODUCTS LIABILITY | PLATE GLASS-50/50 |

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All 3rd Party Liability Including Excess Above Assigned Risk Auto Limits to 100,000/300,000/100,000.

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NOW WRITING FIRE AND INLAND MARINE AT BOARD RATES IN ILLINOIS
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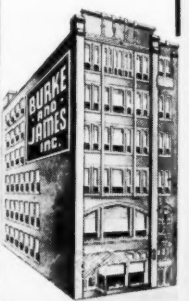
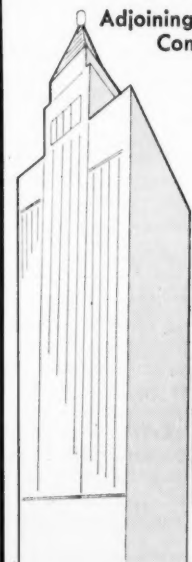
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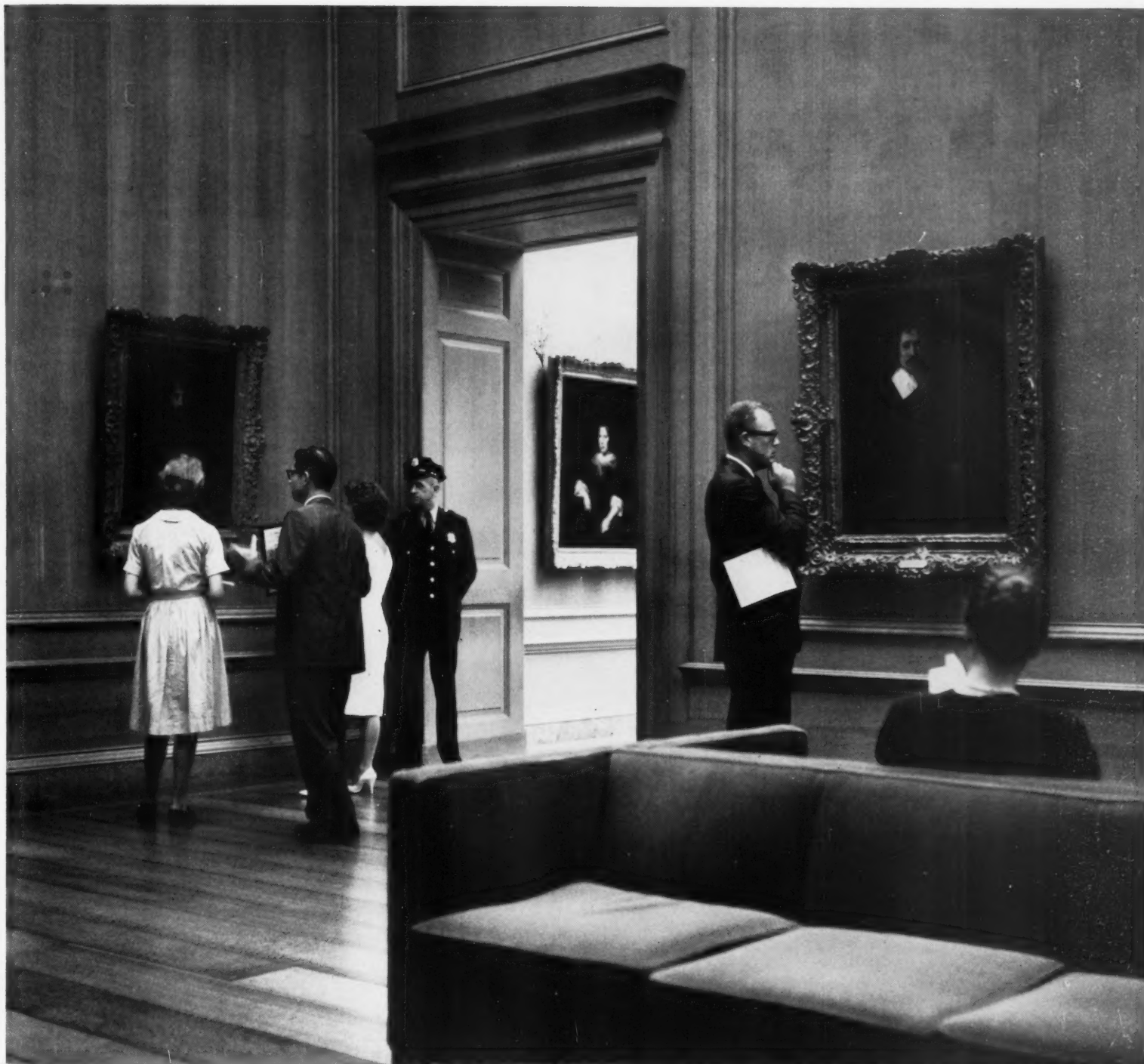
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At last, one of the world's rarest collections of art treasures was together under one roof. Behind the opening of the National Gallery of Art in Washington, D.C., lay many years of intensive planning . . . huge expenditures.

During this period, National Union Insurance

Companies provided the competent underwriting personnel and insurance protection essential to the successful completion of the project.

The entire insurance program was designed and sold by Independent Agents, typical of the outstanding professionals who represent National Union.



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Tells What Agency System Has To Do If It Is Going To Survive

With the awakening to competition of the agency stock companies have come a confusing turbulence of rapid changes, new policy forms, package policies, procedural innovations and the frustrations of oppressive rate regulatory laws, Bradford Smith Jr.,

president of North America, said in his talk at the annual convention in White Sulphur Springs of West Virginia Assn. of Insurance Agents.

These problems might have been overcome, he said, with intelligent planning and extra effort. Unfortun-

ately, these did not occur. Instead, he said, the business went in different directions. The result was an alignment of company against company, agent against company and, occasionally company against agent. This is the most frightening aspect of the pre-

sent situation because a house divided cannot stand, he declared.

Of the \$15 billion that fire, marine and casualty companies wrote directly or through agents in 1960 (roughly 4% of national income), 70% was collected by stock companies and 30% by mutuals and reciprocals. Not too many years ago, the proportions were on the order of 85% for stock companies and 15% for mutuals and reciprocals. However, since stock company agents in some states also represent mutuals, it is hard to draw a conclusion as to how much of this loss of the total market was felt by agents.

Their Share Shrinks

Mr. Smith observed that, nevertheless, traditionally operated stock companies and their agents have suffered a very serious shrinkage of their share of the total fire and casualty business in the U.S. This is primarily due to the extraordinary growth of newcomers on the insurance scene who employ direct selling methods. Without discounting the effectiveness of their modern merchandising, the success of the direct writers was due in a large measure to the failure of the traditionally operated companies to be competitive and to an increasingly well-informed and price-conscious public.

Evidence of the seriousness of disunity in the agency system, he said, may be found in the legal proceedings of boards and bureaus versus independent companies, agents suing companies alleging collusion in establishing commissions, and agents promoting laws which result in freezing rates and forms and other laws which subject the approval of rate filings to politics and delay. He said he had even read of threats by producers to use their political power to prevent their companies from adopting measures which the companies deem necessary to put themselves and their agents in a position to meet competition.

There are company people, too, who believe that their interests will be best served by laws regulating insurance rates, forms and practices and commissions to an even greater degree than the present over-regulation, he said. The effect, if not the intent, in each case is to maintain the status quo and to restrict competition, especially rate competition.

Calls Path Dangerous

This is a dangerous path to follow because what is really at stake is the interest of the policyholder, Mr. Smith declared. Whatever limits his choice or takes from him the benefits of price competition has all the earmarks of improper price fixing, and endangers the privilege of making rates on any basis.

One should not confuse the insurance business with a natural monopoly such as a public utility, where domination of the processes of rate making by regulatory authority may be tolerable because of the absence of competition to keep rates from being excessive. Within the insurance business there is no absence of competition. On the contrary, there is an abundance of competition which may be relied upon to do a more equitable and economical job of protecting the public against excessive rates than the typical regulator who, by the very nature of the system—and whether he likes it or not—must keep a weather eye on the political aspects of any rate adjudication. Protection of the public against loss due to insolvencies should be the prime function of the insurance de-

(CONTINUED ON PAGE 35)

UNIQUE!

A fingerprint is a unique means of identification, similar to others, but impossible to duplicate.

Insurance Groups are similar too, but some stand apart . . . unique in their field. We feel the Glens Falls is such a Group.

Our agents enjoy full Fire and Casualty facilities, new Multi-Peril contracts, Life

Insurance, complete Premium Financing, and connections with diversified Pools and Associations, all from one dependable source.*

For our story of more income for you, contact the Branch Office near you, or write direct to our Home Office in Glens Falls, New York.

*ALL FACILITIES ARE AVAILABLE IN MOST JURISDICTIONS.

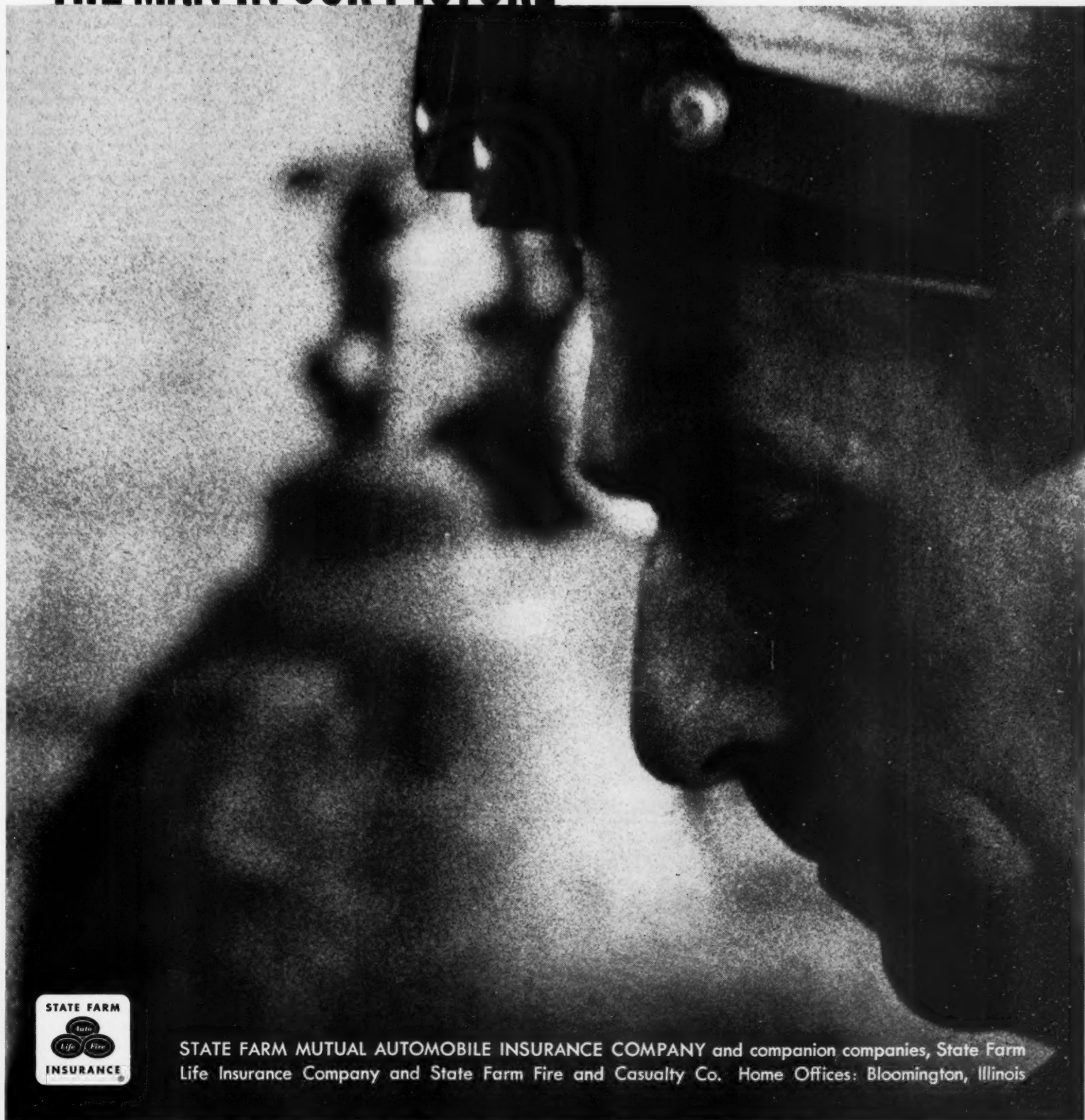


Glens Falls Insurance Company, Glens Falls, N. Y.
The National Life Assurance Company of Canada, Toronto, Ont.
Kansas City Fire and Marine Insurance Company, Kansas City, Mo.
Glenway Corporation, Glens Falls, N. Y.

Editors call him the backbone of America. Politicians call him the Majority Vote. Economists call him the big Middle Income Market.

He's a prominent man in the State Farm picture. Our agents know him well. They provide much of the auto insurance he buys. And at the same time they are giving him opportunities, never before so readily at his disposal, to protect himself and his family more adequately with the home and life insurance he needs. For him, for millions like him, the State Farm agent is the Family Insurance Man.

THE MAN IN OUR PICTURE



STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY and companion companies, State Farm Life Insurance Company and State Farm Fire and Casualty Co. Home Offices: Bloomington, Illinois

McNamara-Kennedy Letters Show Medical Care Bill Will Have Top Billing In '61

An exchange of letters between Sen. Patrick V. McNamara, chairman of the Senate's special committee on aging, and President Kennedy reveals that a concentrated campaign to put medical care for the aged via the social security method on the law books will take place at just about the opening gun of the next session of Congress—if not actually earlier. In his letter, Sen. McNamara asked the President for some assurance that the Chief Executive will work to get the legislation through the 87th Congress and the President, in turn, said that it was his intention to recommend to the Congress that the legislation be given the highest priority next year. The

letters follow.

Dear Mr. President:

I am writing you to express my keen desire to achieve one of the major commitments that both you and I made in talking to the American people during the course of the past several years—passage of legislation that would assure them of adequate health services insurance during their retirement years.

This can be done effectively, of course, only by financing such insurance through our time-tested system of social security, which maintains the

dignity and independence of the insured.

My experiences and study, first as chairman of the Senate subcommittee on problems of the aged and aging (of which you were vice-chairman), and now as chairman of the new special committee on aging, have convinced me of the priority and urgency of this proposal in the hearts and minds of our 17 million senior citizens and their families.

Public Support

Moreover, all indications are that the public at large strongly supports the proposal. My mail and my personal contacts indicate a strong feeling that Americans—young and old—are more than ever in support of a social security-financed health insurance program.

Little more than a start has been made upon this necessary legislation during the current session of the Congress. It is apparent that no definitive action will be taken by the Congress this year before adjournment.

In view of this, I believe that an assurance from you expressing determination to pursue this subject with all possible vigor, when the Congress convenes again next January, would be warmly welcomed both by the supporters of this legislation and the millions of Americans it would benefit.

Further, it would serve to stimulate a prompt beginning to the planning for the next session that must begin soon so that this most necessary legislation may be enacted by the 87th Congress.

Sincerely,
Pat. McNamara, U.S.S.

President's Answer

The President's answer to Sen. McNamara appears below.

Dear Pat:

I consider adequate health care for our 17 million senior citizens one of our most important responsibilities. Medical costs represent the greatest of all threats to economic security in old age. The financial burden of illness and incapacity in later years constitutes an ever-present specter to almost every family. Inability to meet

(CONTINUED ON PAGE 25)

Join Suit To Allow Mutual Coverage For La. Housing

Louisiana Assn. of Mutual Insurance Agents is intervening as amicus curiae in a case involving a Bogalusa housing project.

A Louisiana lower court ruled that the city could buy mutual insurance, but an intermediate appellate court reversed the decision. The case is now on appeal to the state supreme court. Other intervening parties in the case are a group of 118 stock agents, American Mutual Alliance, Metropolitan Life, and Factory Mutual Assn.

Indications are that the case will be heard early in October.

Buys Helena Agency

Northern Illinois agency of Chicago has purchased National Automobile Underwriters agency of Helena, Mont., and changed the name to Western Exchange Underwriters with new offices in the Wheat Building.

Northern Illinois agency is a division of Martin-Wolf, Chicago general agents. Roger G. Wolf, executive vice-president Martin-Wolf, is supervising operations of Western Exchange Underwriters, which is general agent in Montana, North Dakota, South Dakota, Wyoming and Idaho for Exchange Casualty & Surety.

8 BANNER REASONS TO VISIT OUR NAIA CONVENTION BOOTH

WIN WITH OUTDOOR DISPLAY See the great, new, FREE wide-angle Scotchlite billboard winning new clients for HOMETOWN agents everywhere!

BIG YELLOW PAGES PROMOTION Investigate HOME's expanded tie-in agent phone directory listing, now reaching 88% of nation's population!

GET THE APARTMENT OWNER'S VOTE Look into the new HOME Apartment Owner's Policy now sweeping the country!

MOTELMAN'S FRIEND Get the facts on The HOME's new Motel Package, already making a smash-hit coast to coast!

BE THE MAN WITH THE PLAN—THICO Find out how The HOME's THICO PLAN brings smoother selling through monthly, quarterly, annual or "custom" payment terms!

WAY OUT FRONT WITH ADVERTISING AIDS FILE Ask about this promotional "how to do it" sales tool now winning new clients for HOME Agents across the board!

BIG NEW RADIO CAMPAIGN Check on how The HOME's "Safety News", starring Ken Banghart, aired over hundreds of stations, can give your agency the *big lift*!

PREVIEW MANY COMING ATTRACTIONS See the full array of sales and merchandising aids coming up from The HOME, all designed for more sales punch at the local level!

All at The HOME's Exhibit,
NAIA Convention,
September 25-26-27
See you there!



The HOME Insurance Company
Property Protection since 1853
59 Maiden Lane, New York 8, N. Y.

Yount Eyes Challenges To Survival: Marketing, Coverages, Government

The insurance business is sometimes characterized as one of inertia: It always does too little too late. Instead of anticipating demands for change it is accused of waiting until they are forced upon it. It is charged with being complacent and self-satisfied and of being unwilling to exercise the imagination and vigor required of a growing, expanding industry adapting itself to meet the changes in the economy.

Not all of these criticisms are valid, Hubert W. Yount, executive vice-president of Liberty Mutual, told the forum in Philadelphia which marked the opening of American Institute's new headquarters in Bryn Mawr, Pa. Mr. Yount spoke as president of the institute and dealt with "Challenges to Survival."

There is a certain tendency to confuse change with progress, he said. The distance traveled is not necessarily measured by the amount of dust which is stirred up.

On the other hand, he conceded, it must be recognized that the way the business functions collectively is conducive to delay. The committee system, inherent in various organizations, produces delay and sometimes allows action to hang upon the most recalcitrant member of a committee. Past objectives have been to maintain a certain amount of stability and order in the business, both of which are desirable in themselves. It is perfectly obvious to all, however, that too much stability and too much order has produced the present rather chaotic situation under which the pendulum is now rapidly swinging to the other extreme.

Mr. Yount suggested that in an expanding economy distribution costs must be reduced. An annual policy ties in nicely with the ownership of business by the producer. But is it necessary or economical? Central billing on continuous policies appears as a natural evolution but also interferes with the concept of the ownership of the business.

The major challenge, however, arises from government, Mr. Yount said. The reasons are obvious. If security is important and demanded, it will be furnished either through taxes or through premiums, he declared.

There are two challenges from government. One is its capacity to regulate and the other its capacity to compete. No phase of the economy is completely free—although sometimes the uninitiated talk about free enterprise.

He noted that competitive abuses under free and unregulated competition in railroad transportation produced the first federal regulatory act in 1887. Abuses in other lines of business led to the Sherman anti-trust act in 1890. The basic political philosophy of the country is regulation in the public interest. Nice balance is needed between regulation and freedom of competition. The peculiar nature of the insurance business is that it sells future unknown performance for present value, and its public interest reaches beyond its customers to other non-customer beneficiaries of insurance contracts.

If the business performs its functions so well that customers and claimant beneficiaries are satisfied, he said, there will be little demand for government assumption of its function.

If it fails, pressures build up which are difficult to combat. Stubborn opposition will lead to government programs, e.g., in health coverage for the elderly. Complacency will produce gradual encroachment on the field of private insurance through the substi-

tution of social security or the attachment of social security to workmen's compensation benefits, which has already occurred with respect to the totally disabled.

It is easy to extend the social security system. It has already been

extended to apply to the totally and permanently disabled. The administration proposes extension to all disabled for a period of more than six months. It is easy to extend social security to include not merely the uninsurable catastrophe medical requirements of the elderly but all medical requirements. It will be easy to extend this downward into more and more segments of the population. In fact, the social security system could be adapted to embrace all of A&S coverages as well as workmen's compensa-

(CONTINUED ON PAGE 39)

Mr. General Insurance Man:

ARE YOU IN A PROFIT SQUEEZE On Your General Lines??

If Your LIFE Department Produces \$10,000 Annually In LIFE and/or A&H and GROUP Premiums, Let Our **GENERAL AGENT'S COMMISSIONS**

Help Pay For Your TELEPHONE, SECRETARIAL SERVICES, HOUSING, and GENERAL OFFICE EXPENSES. You Can Double Your Income with a

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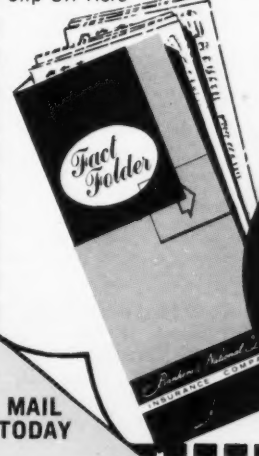
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- G. A. Contract for Group..... ☐
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- Lifetime Renewals in Life, A&H, and Group..... ☐
- Pension Feature..... ☐
- Agents' Group Plan..... ☐
- Vested Renewals..... ☐
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- Quantity Discount..... ☐
- Rate Back for Women..... ☐
- Guaranteed Insurability..... ☐
- Guaranteed Annuability..... ☐
- Level Term Riders..... ☐
- Family Policy..... ☐
- Coupon Policies..... ☐
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- Commercial A&H..... ☐
- Non-Can A&H..... ☐
- Baby Group..... ☐
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Fire experts agree you can substantially reduce fire losses in buildings you insure through the installation of Fire Barriers—fire doors that confine fire to its point of origin by sealing off stairwells and corridors.

Every installation of a Fire Barrier means a built-in insurance for you against fire losses. It also represents an investment by the building owner for which he should receive favorable insurance rate consideration.

When you are planning fire insurance requirements for your next building client, tell him about the advantages of installing Fire Barriers to reduce his fire risks. Overly has a complete line of Fire Barriers—tested by Underwriters' Laboratories—available for every opening, with every U/L label.

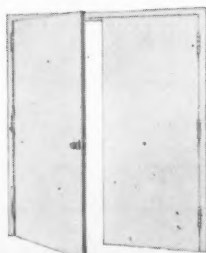
For your client's information, and for your own use, send for Overly's Fire Doorater booklet—a complete reference of fire door requirements and usage.

Overly is represented by agents in all principal cities.

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A U/L labeled Fire Barrier constructed specifically for use in equipment and boiler rooms, and all areas where fire resistance is critically important.

Conventions

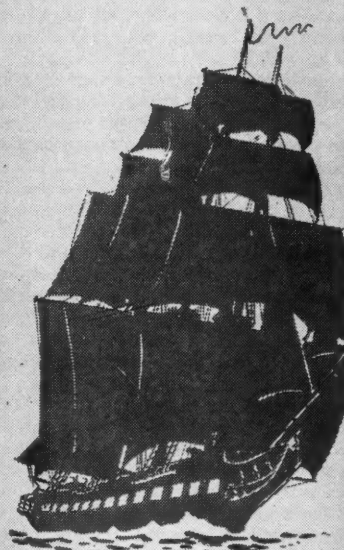
- Sept. 17-19, Indiana mutual agents, annual, Marott Hotel, Indianapolis.
- Sept. 17-19, West Virginia mutual agents, annual, Frederick Hotel, Huntington.
- Sept. 17-20, Idaho agents, annual, Sun Valley Lodge, Sun Valley.
- Sept. 17-20, International Claim Assn., annual, The Greenbrier, White Sulphur Springs, W. Va.
- Sept. 18-19, Vermont agents, annual, Woodstock Inn, Woodstock.
- Sept. 18-20, Michigan agents, annual, Grand Hotel, Mackinac Island.
- Sept. 19-22, Mutual Loss Managers Conference, annual, Edgewater Beach Hotel, Chicago.
- Sept. 20-21, Hoosierland Rating Bureau & ABC Service Bureau, annual, Marott Hotel and Highland Country Club, Indianapolis.
- Sept. 20-22, Kansas mutual agents, annual, Jayhawk Hotel, Topeka.
- Sept. 20-22, Washington agents, annual, Chinook Hotel, Yakima.
- Sept. 25-27, National Assn. of Insurance Agents, annual, Dallas, Texas.
- Sept. 27-29, Society of CPCU, annual, Sheraton Park Hotel, Washington, D. C.
- Oct. 1-4, National Assn. of Mutual Insurance Companies, annual, Statler Hotel, New York City.
- Oct. 2-4, Society of Insurance Accountants, annual, Equinox House, Manchester, Vt.
- Oct. 3-5, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.
- Oct. 5-6, New England mutual agents, annual, Wentworth-by-the-Sea, Portsmouth, N. H.
- Oct. 5-7, Arizona agents, annual, Bright Angel Lodge, Grand Canyon.
- Oct. 8-11, North Carolina agents, annual, Carolina Hotel, Pinehurst.
- Oct. 8-10, Missouri agents, annual, Governor Hotel, Jefferson City.
- Oct. 8-11, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, annual, The Greenbrier, White Sulphur Springs, W. Va.
- Oct. 10, Insurance Economics Society, annual, Edgewater Beach Hotel, Chicago.
- Oct. 12-13, North Dakota agents, annual, Fargo.
- Oct. 15-17, Kansas agents, annual, Broadview Hotel, Wichita.
- Oct. 15-17, Maryland agents, midyear, Emerson Hotel, Baltimore.
- Oct. 15-18, National Assn. of Mutual Agents, annual, Sheraton-Cadillac Hotel, Detroit.
- Oct. 16, Rhode Island agents, annual, Sheraton Biltmore Hotel, Providence.
- Oct. 16-18, Michigan mutual agents, annual, Sheraton-Cadillac Hotel, Detroit.
- Oct. 17-18, Massachusetts agents, annual, Sheraton Plaza Hotel, Boston.
- Oct. 19-21, Nevada agents, annual, Reno.
- Oct. 19-22, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.
- Oct. 22-24, Ohio agents, annual, Deshler Hilton Hotel, Columbus.
- Oct. 23-25, South Carolina agents, annual, Francis Marion Hotel, Charleston.
- Oct. 23-29, Hemispheric Insurance Conference, Lima, Peru.
- Oct. 25, National Independent Statistical Service, annual, La Salle Hotel, Chicago.
- Oct. 29-31, Tennessee agents, annual, Andrew Jackson Hotel, Nashville.
- Oct. 30-Nov. 1, California agents, annual, Biltmore Hotel, Los Angeles.
- Nov. 2, Connecticut agents, annual, Statler-Hilton Hotel, Hartford.
- Nov. 2-3, Nebraska agents, annual, Cornhusker Hotel, Lincoln.
- Nov. 5-7, Illinois agents, annual, Chase & Park Plaza Hotels, St. Louis, Mo.
- Nov. 8-10, American Management Assn., fall insurance conference, Drake Hotel, Chicago.
- Nov. 12-14, Kentucky agents, annual, Kentucky Hotel, Louisville.
- Nov. 12-15, Indiana agents, annual, Claypool Hotel, Indianapolis.
- Nov. 13-14, Illinois mutual agents, annual, Pere Marquette Hotel, Peoria.
- Nov. 13-15, Health Insurance Assn., individual insurance forum, Sheraton Hotel, Philadelphia.
- Nov. 13-15, Mutual Insurance Technical Conference, Edgewater Beach Hotel, Chicago.
- Nov. 13-16, National Assn. of Independent Insurers, annual, Hotel Biltmore, Los Angeles.
- Nov. 15-17, Casualty Actuarial Society, annual, Palmer House, Chicago.
- Nov. 16-17, Conference of Mutual Casualty Companies, accounting & statistical, office methods & personnel conference, Conrad Hilton Hotel, Chicago.
- Dec. 4-8, National Assn. of Insurance Commissioners, Adolphus Hotel, Dallas.
- Dec. 27-29, American Risk & Insurance Assn., annual, New York City.

Bill To Bar Auto Makers Moves

WASHINGTON—A House judiciary subcommittee ordered reported favorably an amended House bill to prohibit auto manufacturers from insuring and financing the sales of their products.

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Edward P. Becker — Ohio Inspection Bureau, Columbus
Adam Bondra — Hartford Accident & Indemnity Company, Columbus
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OHIO ASSOCIATION OF INSURANCE AGENTS INC.

COLUMBUS, OHIO

Gives Prescription For Profitable Future Growth Of The Small Company

Speaking on the future prospects of the small insurer, John Alsop, president of Mutual of Hartford, told a group of IBM branch office managers attending a course at University of Connecticut's college of law that "the major essential for any company is proper motivation and quality in personnel from the president to the newest man in the field or the underwriting department."

He said there is quite a definite place in the future, and a profitable one for the well managed small company. The large insurer has certain advantages. However, the small company can, if it will, exert compensating ones and it has some advantages of its own.

Large companies can use enormous sums for advertising and promotion with emphasis on firm name exploitation; they can buy super-installations for mechanization and automation;

they can operate multiple line; they can practically become their own rating bureaus; they can do enlarged and intensified research; and they can offer greater job security and more fringe benefits on both the management and employee levels.

On the other hand a small company has access to less costly automation machinery which can do its job reasonably well, an equivalent program of advertising and promotion can be carried on in local media; and, very importantly, the small organization can act quickly—it has great flexibility because very few minds have to consider a problem before a decision is made.

Mr. Alsop noted that there are more than 800 stock companies and some 2,700 mutuals. His own company, which he classifies as "small," is 28th in policyholder surplus and 60th in assets among all mutuals. At last year end it had assets of \$17 million and sur-

plus of \$12 million with direct premiums of \$5 million. The company has a total of 90 employees and is operating in Connecticut, Massachusetts, New York, New Jersey and Florida. Official entry has been made in certain other states but no business has been written in them yet.

What, then is the prospect for companies like his? What are its strengths and weaknesses? Can it keep its place in the sun or is it doomed to destruction.

Present Situation

Competition is severe, Mr. Alsop noted. Rate reductions have been instituted in many formerly profitable lines. Great pressure is being exerted by full multiple line companies on their agents to get a balanced portfolio of business from each agency. With reduction in rates, loss ratios have been rising quite sharply. There has been great pressure on management to reduce expense to permit profitable operation in the face of loss ratio increases.

There is a definite indication of general unrest in both company and agency ranks, he said. Many companies are merging with others or being taken over. Many companies are going into new lines they have never written before. Many property and casualty companies are buying life affiliates to give them a completely rounded insurance portfolio.

These mergers and consolidations seem to indicate that many people in management believe that there is considerable virtue in increasing their size, particularly where, in addition to increased assets by merger or purchase, they also get a diversification of business. Diversification of business permits account selling in the same company by the agent. This seems to

Kemper Group Promotes Buffalo To Head Of Brazilian Operations

Harvey A. Buffalo executive secretary Kemper group, has been named general manager of Brazilian operations.

David W. Shand Jr. will assume Mr. Buffalo's previous responsibilities. Mr. Shand has wide experience in the insurance business, most recently as controller of Zurich. His responsibilities have included data processing methods and procedures, accounting, purchasing, personnel training and underwriting.

Mr. Buffalo joined the Kemper organization in 1960 after 14 years' experience with the U. S. foreign service. Prior to his diplomatic career, he served as assistant regional director to the surplus marketing administration program for 13 southern states.

appeal to the public whose desires in the long run will be fulfilled.

This intensity of competition in property and casualty comes at a time when as far as can be seen the future in terms of potential new business is very bright, Mr. Alsop said. The population of the U.S. has expanded very rapidly in recent years and gives every evidence of a further rapid expansion. Children born during the war and just after it are beginning to reach adulthood. The rate of formation of new families is expected to go up very rapidly in the coming years. This population explosion will have a direct impact on the number of cars and number of homes to be insured.

Small Company Share

Of existing business the small companies have a significant segment. For example, Mutual of Hartford is one of the largest writers of fire, extended coverage, and homeowners business in Connecticut. It has its counterparts in many other states.

The question for the future is, can these smaller companies hold what they have and can they get a reasonable percentage of the new business which will be generated? Can they, in fact, survive the existing and future competition? Their survival will, of course, depend not only on whether they can keep their business and add to it, but also on whether they can do it profitably.

Mr. Alsop conceded that it is difficult to define the "critical size" of an insurer; that is, the size the company will have to be in order to operate profitably in the years ahead. Many companies are of a size that presently is viewed as adequate which will have great difficulties in the future. He believes that his own company, with its financial strength, if it has not achieved critical size already in terms of the amount of business written will be able to do so.

Clearly Evident Trend

There is a clearly evident trend in the insurance business toward brand-name advertising, he observed. Large multiple-line companies are spending thousands on advertising and promotion. It is obvious that an effort is being made by the giants in the business to establish something which most of them have never had, a direct consciousness by the public of their particular product.

In most cases in years gone by, the companies have been satisfied to sell their agents on their good qualities

(CONTINUED ON PAGE 32)

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Program Ready For NAIA Annual At Dallas

(CONTINUED FROM PAGE 1)

Riesel, newspaper columnist, Labor—The Big Story. Porter Ellis, There Is No Free Pie In The Sky. Presentation of L. P. McCord education trophy, highway safety and fire safety awards. President's citations for achievement.

11 a.m.—National Board of State Directors, Embassy ballroom, Porter Ellis presiding

11 a.m.—Handling catastrophes, Grand ballroom. P. B. L. Carden, general adjuster of National Board, James F. Miazza, southwest manager of General Adjustment Bureau, Dallas, and James J. Quinn, local agent of Bartlesville, Okla.

12—Educational luncheon, Empire room. A. Rosenbaum Jr., Meridian, Miss., presiding. Dr. Edwin S. Overman, Preparation for the Challenge of the Future.

Show Advertising Film

2 p.m.—Advertising workshop, Grand ballroom. Joe E. Vincent, Bryan, Tex., presiding. The 1962 advertising film, Eben Learned, Norwich, Conn., chairman 1962 advertising committee. Jack C. Schroeder, Chico, The California Story. Coordinated advertising planned endeavor, Valmore H. Forcier, NAIA advertising coordinator. William Kientz, Columbus, O., how the individual agent can participate in coordinated advertising. A. Tracy Bird III, Tucson, how a local board can participate. Presentation of Town Crier award to companies and Bowen public relations award.

2 p.m.—National Board of State Directors, Embassy ballroom.

4:45 p.m.—Midwest Territorial Conference, Grand ballroom, Statler Hilton.

4:45 p.m.—Far West Agents Conference, Junior ballroom.

Tuesday, Sept. 26

9:30 a.m.—Property and rural and small lines workshop, Junior ballroom. Julian A. Lenke, Cincinnati, presiding. Stetson Ward, New Haven, special multiple peril program. Joseph F. Prola, Springfield, Ill., homeowners. Maurice Baker, Colorado Springs, PIP. H. L. Thompson Jr., Hartsville, S. C., continuous homeowners. Dean Matthews, Ashland, Kan., farmowners. C. D. Swett, Woodland, Cal., agency loss adjustment practices.

9:30 a.m.—Agency management workshop, Grand ballroom. Rosser Long, Fayetteville, W. Va., how to solve the collection problem. Robert L. Cook of Martin's Ferry, O., telephone tips. Philip C. Gallagher, Miami, aptitude tests and employment portfolio for office personnel.

9:30 a.m.—National Board of State Directors, Embassy ballroom.

10:30 a.m.—Automated agency accounting seminar. Arthur F. Blum, Rockaway Park, N. Y., presiding. Introduction of NAIA procedural manual on automated agency accounting. Panel: Robert Burns, American Agency Management Bureau, Washington, D. C.; Eugene A. Toale, Recording & Statistical Corp.; John P. Shanley Jr., Service Bureau Corp. (IBM); and Walter E. North of Bridgeport, Conn.

2 p.m.—Casualty and metropolitan and large lines agents workshop. Roy H. MacBean, Cranford, N. J., presiding. William R. Lee, Chehalis, Wash., moderator. Edwin P. Simon, Chicago,

Atlantic Mutual has elected William B. Rand, president United States Lines, trustee, and Centennial has elected him a director. Mr. Rand is the fourth executive of U.S. Lines to serve on Atlantic Mutual's board.

participant. Subjects: Insurance for boards of education, municipalities, and factories.

2 p.m.—Fidelity and surety workshop. Donald H. Denton, Charlotte, N. C., presiding. Participants: Warren Gaffney, general manager Surety Assn. of America; George H. Hottendorf, American Bankers Assn., banker's blanket bonds and excess bank coverages; Theodore L. Sedwick, vice-president Standard Accident, contract

surety bonds; George A. Conner, vice-president Fidelity & Deposit, honesty insurance for mercantile firms; and James McKee, Nashville, president National Assn. of Surety Bond producers.

2 p.m.—National Board of State Directors, Embassy ballroom.

9:30 p.m.—Presidential ball, Grand ballroom

Wednesday, Sept. 27

9:30 a.m.—Sales clinic. G. Herbert True, Greatness Begins With Being Different. Presentation of Walter H. Bennett memorial award and Sparlin,

California mileage, Des Moines attendance and Connecticut membership cups.

10 a.m.—National Board of State Directors, Embassy ballroom.

12—National Board of State Directors. Executive session, Monterey room.

2:30 p.m.—Closing general session, Grand ballroom. Gen. Nathan Twining, The International Outlook. Election and installation of officers

7:30 p.m.—Annual banquet and variety show, Dallas Memorial Auditorium.



Continental policies are always **GOOD NEWS** to Agents

VOLUME 1

SEPTEMBER, 1961

NUMBER 9

Continental Casualty Producers Capture Fast Growing Youth Group Market

Youth Leaders Welcome Continental's Accident Coverage

Much Needed Protection

Youth is just naturally exuberant! Leaders of Scout Packs, Brownies, Camp Fire Girls, Y.M.C.A. and other groups* bear a sizable responsibility in conducting meetings and excursions for these young people. That's why they welcome with enthusiasm the opportunity to get low cost accident insurance for those in their care.

In offering Continental's Youth Group Accident Insurance, producers achieve three worthwhile goals:

- Perform a public service that will be appreciated and will make them more than ever a part of the community life.
- Build volume business by seeing that the children, as well as the leaders and sponsoring committee members in each group have a full year's accident coverage at only \$1 per person.
- Make contacts which not only result in sales now, but which can also lead to future contacts and opportunities among other civic leaders—business that is renewable year after year.



*The mention of specific organizations does not imply endorsement or approval of the policy by such organizations.

FOR DETAILS ON CONTINENTAL'S YOUTH GROUP INSURANCE, SEE YOUR NEAREST CONTINENTAL AGENT OR BRANCH REPRESENTATIVE—OR FILL OUT AND MAIL THE COUPON.

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Church Coverage Found Inadequate

The news about insurance coverage on Presbyterian churches is anything but good, according to Presbyterian Life, official publication of the united denomination in the U.S. Many instances of inadequate coverage or no insurance at all were uncovered in a survey conducted by the general council of the church, the magazine reports.

A questionnaire was sent by the council to the 9,133 congregations in the U.S. to elicit information on the

present insurance situation of each. More than two-thirds answered in time for the tabulated results. The magazine observes that some of the congregations not replying may have insurance programs bad enough to be a source of embarrassment.

The survey revealed that 63% of responding churches have public liability, but a great number carry regrettably small amounts. Some 2,268 churches have no coverage. One group

of 554 churches only has 5/10 limits. Some 656 churches have upper limits of \$20,000; 126 have \$40,000, and 780 have \$50,000. Of the 3,913 with public liability, only 1,640 are covered for injuries caused by non-owned automobiles.

Immunity Abhorrent

The magazine points out that there is a fairly serious question of right and wrong in the matter of liability insurance. Most of the states in the past have granted immunity so that churches may not be successfully sued

for most kinds of damage. But apart from the fact that the immunity doctrine is eroding and that many states are reversing their traditional stand, there remains the question of whether a Presbyterian church would be comfortable in pleading such a doctrine in answer to one who has been crippled by the negligence of the church.

In this connection, the magazine observes, the general assembly has advised churches to purchase their public liability with a clause providing that the insurer will not plead immunity in court as a defense. Without such a clause, the moral intent of a congregation to meet its responsibilities to the public, even though it could legally dodge them, might be overlooked.

A related immunity is equally abhorrent, the publication observes. This is the practice of some communities in excusing churches from provisions of their building codes, even on points designed to prevent fire and otherwise safeguard life. This immunity ought to be declined by United Presbyterian churches, the magazine states.

Fire insurance is the only coverage carried by 405 churches in the survey. The magazine points out in this connection that fire protection is only minimum coverage in view of the many other risks. It cites the public and institutional program as a means of wrapping up fire and other needed insurance.

Recommends Boiler Coverage

The publication also recommends boiler coverage, fiduciary bonds and theft, recommending that the two latter lines be placed with the same insurer, so that any disappearance of church funds will not provoke a dispute between two companies, each claiming that the loss occurred in a way for which the other is liable.

Churches should keep in mind the concept of replacement value, which gets away from the "depreciation trap" and avoids misunderstandings as to the amount for which the insurer is liable in the event of a partial loss, the magazine states.

It advises congregations to turn to their local agent or broker for truly professional treatment of the account. The agent may be a member or an officer of the church. He may be a lot more comfortable if there is an insurance committee to join him in an annual review of the program. One way the agent can help is to keep policy amounts in step with inflation of values. It may not always be clear to everybody that a man who recommends increased expenditures for premiums is really thinking of protection for the church and not of commissions for himself, the magazine observes.



Sixteen Hartford "extras" help bring prospects to the Hartford Agent's door

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“How *The American* helped me turn a poor fleet risk into bonus business!”

by a Pennsylvania insurance agent

“One day I got an invitation to some business . . . but who'd want it? An automobile fleet's adverse loss ratio for the past four years had resulted in refusal of the present carrier to renew coverage.

“Nevertheless, I mentioned it to Dick Abraham, Special Agent for *The American*. He turned the problem over to Safety Engineer Harold Culin at *The American's* Pittsburgh Branch Office. His review of the insured's past experience showed that the accidents were small but frequent . . . many resulting in minor property damage while backing up or parking. It was clearly a matter of unsafe driving practices. He recommended that a continuing safety program be installed.

“The insured agreed and *The American* wrote the fleet at a premium based on previous experience—and picked up the Workmen's Compensation and General Liability, as well. *The American* sent safety literature and monthly bulletins to the insured and his drivers. I even helped conduct quarterly safety meetings. Losses were drastically reduced, making subsequent premiums considerably lower.

“To show his appreciation, when the insured formed another corporation a short time ago, he awarded me the entire insurance package including an Installment Sales policy with a \$20,000 annual premium! Is it any wonder I always check *The American* FIRST?”

You, too, can help yourself to extra income by taking advantage of *The American's* fine reputation, multiple line facilities and excellent branch office services . . . offering authoritative underwriting, prompt policy-writing, expert engineering, premium auditing and speedy claim attention. Contact your closest branch office. Let us prove to you that *The American* means business . . . MORE BUSINESS FOR YOU.

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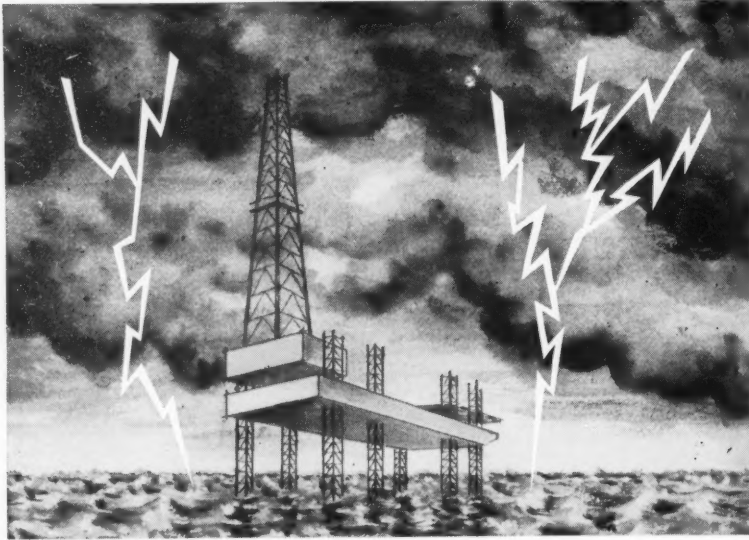
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Agents Debate Pros And Contras Of Representing Fewer Insurers

For several reasons the question of whether agencies should reduce the number of companies they represent has been debated in recent times. There has been pressure on commissions so that the agent has had to look around for any saving he could make in his expenses. The package policy in the commercial (and even personal

lines) field has gone a long way to eliminate placement of coverage on a single risk in several companies at the agency level.

Some agents believe that reducing the number of companies tends to reduce their independence; others that it lessens their ability to provide insured with the best coverages in the market.



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The direct practical benefit of savings is difficult to measure. Consequently, there are few figures available.

To find out more about the subject, THE NATIONAL UNDERWRITER wrote to several successful agents over the country and asked them to comment.

From 39 To Two

W. Scott Rich of the Rich, Young & Perrigo agency at Gowanda, N.Y., replied:

In 1950 we entered upon a merger of two agencies, and wound up with 39 of America's better insurance companies—obviously ridiculous for an agency this size (volume \$250,000).

We launched immediately upon a series of purges which brought us to our present situation of two companies—Travelers and North America. As you might expect, some "good old tried and true" companies had to go by the boards—some that had 30 to 35 years representation—and some with hurt feelings.

I cannot oblige with exact figures as to savings directly linked to this move because we did a lot of other streamlining at the same time. But, getting at it in an oblique way, I would list the move as an integral contributor to the fact that we run this agency with two full-time partners and one office girl. Our profit, year after year, exceeds that of the "better than average run agency" for our volume group. Prior to the merger there were four girls in the two agencies.

Advantages Noted

Advantages to be noted:

- Two account currents for month—not 39.
- Not having to be polite to the field men of 39 companies.
- Larger commission rewards for volume.
- Greater bargaining power with companies retained—speak with a louder voice.
- Less confusion to insured.
- Identification with two leading companies.
- Freedom from trying to be familiar with the underwriting rules, manuals, personnel, procedure and other idiosyncracies of 39 separate companies.
- Reduce the space and filing problem of trying to keep policies and forms of 39 companies.

Disadvantages? None really.

I have seen no indication whatsoever that we've lost our identity, independent status, or become captives to be taken for granted. We were warned about this by other agents who still have the 39 companies and who know

what they should do but haven't.

Another possible disadvantage is not to be tuned in on quite so many points of view or new ideas. But I feel that this can be accomplished in other better and less time consuming ways by reading trade periodicals, attending educational meetings such as CPCU seminars, reading the CPCU Annals, etc. I tend to minimize this disadvantage.

In fairness, I must point out that we have no "dog" lines to place where capacity is a problem. Sometimes I wish we did. Our writings are approximately 50% commercial and 50% personal. The largest single account is \$25,000.

Robert L. Cook of Martin's Ferry and Bridgeport, O., writes: It is my opinion that representing fewer companies cannot materially effect the overhead of an agency. Nevertheless, reducing representation does have certain advantages. There are fewer account currents to prepare which could reduce the number of errors in agency accounting. However, the agency still has the same number of transactions to process and therefore I can see no appreciable savings here.

Reducing the number of companies means fewer specific company forms to become acquainted with. This makes it easier to train new personnel. This advantage is primarily gained in the reduction of casualty companies rather than fire companies because fire companies use uniform forms. It is a shame we can't get casualty companies to adopt a uniform form procedure.

In my opinion, the prime advantage in reducing companies is gained by being able to give fewer companies a larger premium volume which can benefit an agency through more liberal treatment from company underwriters. Going hand in hand with this is the gaining of attractive contingent and profit sharing agreements when premium volumes with companies reach this point of advantage.

Some claim that time is gained through fewer special agent visits, and they even want to estimate the cost of a coffee break. When this business gets to the point of making me conscious and guilty about coffee breaks then it's time to get out of the business. Some of the expeditors and cost estimators get carried away and want to turn an agent into a machine with an "on and off button." Every special agent has something to give you if you will just take the time to pick his mind.

I don't agree that I shall have less
(CONTINUED ON PAGE 30)

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Agents Report On National Ads, Detect Minimum Impact To Date

THE NATIONAL UNDERWRITER has queried leading agents on what impact has been felt at the agency level from the accelerated efforts of traditional companies to establish their "brand names" through national consumer advertising. The agents were not asked for their opinions on such ad campaigns (although several advanced views pro and con). They were asked to describe the effect of the campaigns in terms of their own agency's experience.

The agents replying represent the insurers which have led in determined efforts to establish their brand names.

A Tennessee agent writes that in spite of national ad programs, there is no noticeable increase in customer requests for coverage of a specific company. People know more about different coverages than in the past, but that is due to many factors. One factor might be the ad programs of all companies, but the increased familiarity with forms of insurance is not due to the advertising of any one company, in this agent's view.

He does not find it difficult to get customers to accept his recommendation on companies, even where the customer has asked for another company or has been approached through a quotation or a proposal.

Finds No Ad Help

This agent has detected "no noticeable help from the national advertising done by our companies." However, he feels that certain company names are better known than others because of national advertising in the past several years. Advertising tends to keep the public conscious of the need for protection. Most buyers today are careful and are prompted to investigate other companies to see what they have to offer. This trend has been accelerated through national ads.

A Colorado agent states that requests for specific companies are rare and when they are made, the reason usually given is previous good claim treatment, many years with the same company and similar reasons. Rarely is national advertising mentioned. However, when a purchaser asks what company will be protecting him, he usually seems pleased if he "thinks he recognizes the company name, although most of the time I believe he has confused the name with that of some other insurer, perhaps even a life company."

On the few occasions when coverage in specific companies not represented by this agency was requested, the coverage was placed with companies represented, with no complaint from the customers.

This agent feels that national advertising by all companies of a particular product, such as homeowners, has been more useful than the national ads of any particular company he represents, because of the "softening up" or pre-conditioning effect of the product ads. None of his companies uses TV for national ads. Brand name promotion might be much more effective if they did so, this agent believes.

People in his community are much better acquainted with certain company names than formerly because of national ads in recent years. Regrettably, these "certain" companies are not agency system insurers. This agent believes these companies will maintain their present well known

identity as long as they continue to advertise on a giant scale, and traditional insurers wishing to establish their names will have to advertise on the same basis. However, how to do this within the framework of the agency system opens up another problem area.

lem area.

An Indiana agent's comment is brief and to the point: "We have not found national advertising by our companies at all helpful and we represent at least one of the companies that has pioneered in consumer advertising. The only companies in the fire and casualty field that the average person seems to recognize are State Farm Mutual and Allstate. We do not feel that any company can form a public image unless they spend as much as these two

companies, and unless they do so they are throwing away what they do spend."

A California agent reports that customers usually call because they see the agency is local. Sometimes customers consult the yellow pages, note that the agency represents a certain company, and ask for its coverage. No doubt, national advertising has led to recognition of such companies.

When customers ask this agent for a certain company's protection it is al-

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is no need for an expensive professional shorthand reporter. • The heart of DIRS is the Dictaphone Time-Master with its exclusive Dictabelt record. This record's 15-minute recording time covers virtually all interview times, costs just pennies, is transcribable, mailable and fileable. Since it provides perfect sound quality, is permanent and unalterable, it can be used in courts where recordings are admissible. • *Don't you think you should know more about DIRS?* Fill out the attached coupon and mail it today.

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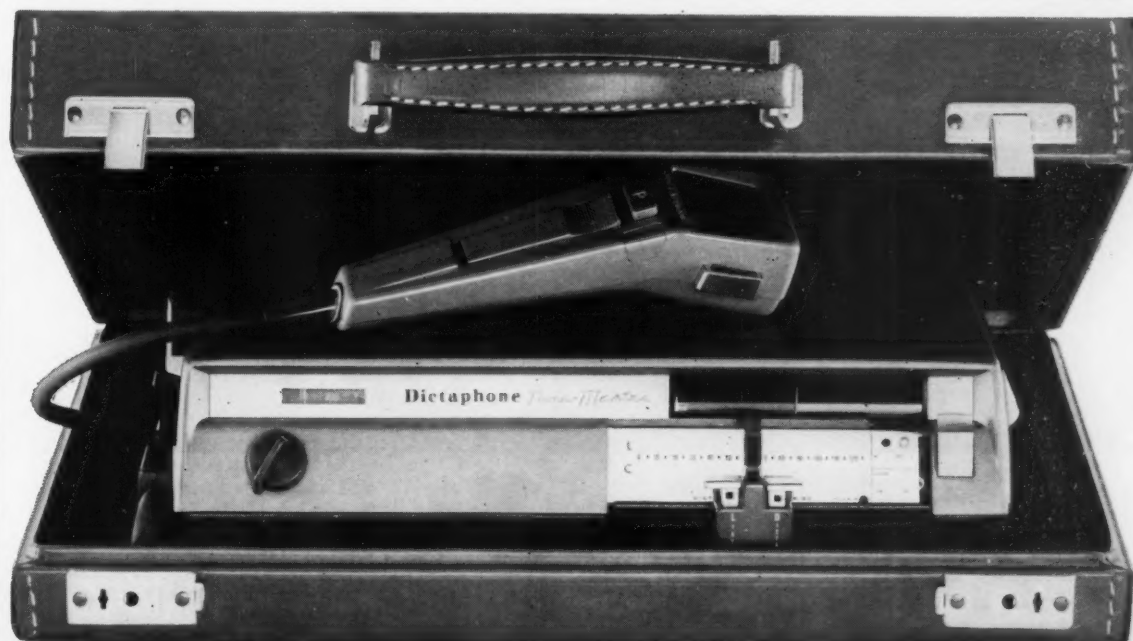
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ways one listed under the agency in the yellow pages. The exception is the person from out of town, who carried insurance with a company and wishes to maintain the connection. This agent has no difficulty in selling such prospects on companies he recommends. The day when he cannot do so will be the day when all firms can go into the mail order business, he declares.

This agent firmly believes that national advertising has helped. For example, he has had several cases where he placed coverage with a company, and the customer recognized it as the

sponsor of a football TV show. Many customers have called this agent to place business with his companies because their employers have group programs with these companies.

A Kansas City agent reports that few of his customers have asked for coverage by a company doing national advertising. He feels that some companies through saturation advertising in local markets have probably attracted specific requests for their coverage. In general, he finds that the salesman at the point of contact has the ability to "substitute companies,

change the coverage, alter or interpret the advertising to the best advantage of the salesman or sales agency." This also works out best for the customer because the salesman in touch with him can prescribe protection more professionally than any national ad campaign could in connection with customer needs.

This agent commented on the probability that brand name advertising aims to force agents to place business with a particular company through customer preference established by the ads. Many agents, he notes, are con-

scious of some companies' desire to achieve this purpose, and they are resisting. Most agents with whom he has spoken are deliberately avoiding company finance plans through which payments are made direct to the company. They are using banks or independent organizations that do not associate the customers with the company.

Whether moves to put the agent in an exclusive status with one company—through advertising and otherwise—will succeed is a question this agent cannot answer. Possibly, some agents will be put in this position while others will continue their function of diagnosing customer needs and placing the coverage in the market which seems best suited.

A Louisiana agent not only replied to questions on national advertising but also solicited the views of fellow agents in his city. He reports their consensus: They are not being asked more frequently for the coverage of any one company which advertises nationally; when they are asked, they have no trouble selling the customer on another company; and they do not feel that national advertising in general has been helpful to them. Moreover, they do not attach any particular significance now or in the foreseeable future to recognition by the public of a particular company's name because of national ads.

Two Texas Agent Groups Elect

Two local boards of Texas Assn. of Insurance Agents have elected officers. Beeville Assn. of Independent Agents has named Rose Clewis president, Toscoe B. Knight vice-president, and James R. Millikin secretary. Midland Assn. of Independent Agents has elected Johnny Johnson Jr. president, Gene Luttrell vice-president, and Martin Meissner secretary.

Commercial agency, Dayton, and Taylor agency, Columbus, O., have merged, with the new agency to be called Commercial Assurance agency of Dayton, effective Oct. 1. William J. Taylor, sole owner of the Columbus company, was named president. He was joint owner of the Dayton agency, and Wayne E. Hendricks, the other Dayton partner, becomes vice-president and general manager of the new corporation.

Municipal of Chicago will move its home office from Chicago to Elgin, and the new building will be under construction there beginning in October. A new branch office has been opened at 6468 North Avenue in Chicago.

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Social Changes And Their Effect On Insurance Defense Are Reviewed

In a talk entitled "The Defense Never Rests," Emil C. Rassman of Rucker & Rassman, Midland, Tex., emphasized the qualities of work, spirit and imagination that make for effective defense of personal injury litigation. His paper was delivered at the annual conference on corporate insurance and management sponsored by Dal-

las-Fort Worth chapter of American Society of Insurance Management.

The law of torts is in the midst of a substantial evolution Mr. Rassman said. The change is from materialism to "expanding humanism," producing a synthesis of traditional tort concepts with social, physical and medical postulates. The general trend is toward

an expansion of tort liability, a broadened concept of social responsibility and a balancing of interests, the latter often measured in terms of capacity to bear a loss. These changing concepts have been accompanied by judicial toleration of increasingly large jury verdicts in such intangible areas as the value of pain and suffering, psychic injury, subjective complaints, etc. An appraisal of a case should include a weighing of these trends.

Additionally, Mr. Rassman observed, there is an increased claim consciousness on the part of the public. In this

struggle of competing social theories the claim personnel and defense counsel of an insurer occupy a front line position. Their approach in defending a case will be influenced and perhaps even determined by the transitions that are occurring in the field of tort law. In assessing their position in terms of the effect that social transitions may have, they will have to watch most carefully any concepts under unusual social pressure or judicial change, such as pre-natal torts, immunity of charitable institutions and political subdivisions, product liability and warranties, automobile guest statutes, attractive nuisance, voluntary assumption of risk, constructive notice in falls and the duty of an owner or occupant of a premises to furnish a contractor's employee a safe place to work.

Cannot Disregard Changes

Despite the changing image of tort law, Mr. Rassman counseled that the defense assessment should not be in terms of "fire and fall back." While this is often an effective defense, neither defense counsel nor insurance management can disregard the changes taking place in tort law, and the implications of these changes should be weighed in terms of the effect they could have on an individual case.

Some cases may offer an opportunity to allow the pendulum of social responsibility to swing back toward a less extreme position more nearly in accord with the public interest as the defense counsel conceives it, Mr. Rassman said. Although tort law has undergone substantial changes, it is not certain that these changes, when applied to an individual case, will coincide with the ultimate public interest. He said there is a responsibility on the part of the court and counsel alike to strike a better balance between certainty and change. The integrity of doctrine and the stability of legal principles have as much relevance and weight in the field of tort law as in any other field of law. While a strict following of established doctrine should not be applied, Mr. Rassman said "neither can it be proposed that social feasibility be offered as a substitute for justice."

The responsibility exercised by the entire trial bar—the judiciary, the law teacher and the legislature—will determine how changing concepts of social responsibility will be oriented into the system of law, Mr. Rassman declared. The problem is complex and it is difficult often to determine where the public interest lies. In general, however, it can be said that the trans-

"Unforeseen events... need not change and shape the course of man's affairs"



"It hurts here, too, Doctor."

When an accident lays you up, you need money almost as much as you need medicine. A Maryland personal accident policy can administer first aid to your pocketbook and to your state of mind. It pays you an income while you're disabled. It pays your medical expenses resulting from accidental injury. It provides a lump sum payment in case of death, loss of limb or sight. See how little a personal accident policy costs. Call your local independent agent, or broker, who represents the Maryland. Remember: *because he knows his business, it's good business for you to know him.*

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itional concepts of tort liability, and the methods used to assert them, must be equated with the principle that every party in a personal injury case be afforded a fair and impartial trial. The plaintiff is entitled to his day in court, but in this day of the "modern trial" care and restraint must be exercised by the courts and attorneys alike to maintain basic standards of fairness and impartiality.

Contrary to popular conceptions, Mr. Rassman said, the success in handling a litigation of any character seldom has its genesis in a stroke of good luck during the trial. More often it can be attributed to hard work and careful preparation. In personal injury litigation, facts are the springboard to victory.

Preparation should begin promptly. "The practice of filing a routine answer and then deferring the investigation and preparation of the case until shortly before the time of trial simply augments an advantage already possessed by the adversary," he commented. Successful preparation calls for an open mind while the investigation is in progress. The burden of proof is on the plaintiff, but a premature decision that the case is without merit can lead to trouble. Unless the claim is shown to be entirely groundless, and this would be an exception, claim personnel and defense attorney would do well not to prejudge the facts.

Report To Company

If the investigation shows the case to be worthy of settlement, it is the duty of the defense lawyer to report it to the company. Mr. Rassman said the defense counsel should be prepared to state his opinion of the value of a case and his recommendations as to what should be done. Not every case can or should be settled, but it is the company that is entitled to make the final decision. If the insurer declines to follow its counsel's settlement recommendations, duty demands that the defense lawyer put aside his misgivings and put forth his best efforts in trial.

While unreasonable delay of a trial should be avoided, an unreasonably early date should equally be avoided, Mr. Rassman counseled. Defendant in a personal injury case should be given a reasonable time after suit has been filed and until the trial to assess the permanency of the plaintiff's injury and the extent of ultimate disability. There is also the question of whether the plaintiff is able or willing to return to work. The administration of justice in personal injury litigation must strike a better balance between the concerns of an injured litigant pressing for early redress on one hand and the unqualified right of a defendant to know something of the nature and extent of the injury for which he must account at the time of trial. Without such balance, plaintiff's rights are abridged or the defendant's property is confiscated, and in either case justice is miscarried.

Highway Hair Raising In N.Y.

May personal injury accidents on New York streets and highways were off a slight 1% to 13,893. But deaths went up 20% to 200, and property damage accidents rose 7% to 10,215.

The big feature in the increased deaths was the 150% rise in fatalities on state parkways, all of them in the New York City area, a rise from seven to 17. In 11, speeding was the major cause. In four cases the driver was on the wrong side of the road when the accident occurred.

Medical Care Bill To Get Top '61 Billing

(CONTINUED FROM PAGE 12)

the costs of hospitalization or home care can destroy self-respect and deny the right to dignity and comfort after retirement.

Although everyone recognizes the threat presented by the possibility of serious illness in later years, savings for this purpose are often inadequate. Nine out of 10 persons over 65 are hospitalized at least once. The duration of their hospitalization averages two and one-half times longer than that of those under 65. I am convinced that only the social security system can furnish satisfactory protection against the costs of these illnesses. Small retirement incomes are usually inadequate to cover the premiums required to obtain a sufficient amount of private insurance.

Only Mechanism

The theory of using earnings during the most productive years to purchase protection during retirement years has been tested and proved. This is the social security approach. I know you

share my view that it is the only mechanism that can satisfy the need, insure protection, and be financially sound.

I have followed with considerable interest the hearings held by the committee on ways and means of the House of Representatives on this subject. The testimony incontrovertibly establishes the need for the legislation. Our national responsibilities require prompt and effective action.

I wholeheartedly agree with your belief in the importance of this legislation to our nation. It will relieve some of the most serious hardships of old age, it will enable the worker to look forward with confidence to his ability to take care of himself, it will help solve many problems of family living. I consider the proposal to provide health insurance for the aged under social security one of the most important measures I have advocated. Your support is very much appreciated and I assure you that I intend to recommend that this legislation be given the highest priority at the next session of Congress.

Sincerely,
(s) John F. Kennedy

Markel Broadens Covers And Expands In South

Markel Service is now offering fire, theft and collision coverage to its fleet truck risks through Allstate, its BI and PDL insurer.

Markel is also opening a southeastern regional production office at Atlanta to develop new accounts and provide service for business in Georgia, Tennessee, Florida, Mississippi, Alabama and Kentucky. Harry Barker, who has been manager and resident vice-president of the west coast offices, will assume similar duties at Atlanta.

Slates Board Meeting

National Assn. of Insurance Women will hold its executive board meeting in Tulsa, Oct. 13-15.

Mrs. V. J. Sullivan, president, will preside at the meetings and she and Mrs. Peggy Randall, secretary, both of Tulsa, will act as hostesses.

The major project being sponsored this year by the association is public safety. Other NAIW concerns are welfare, education and public relations.

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Says Prior Approval Issue Is Paramount

The new concept of no prior approval is the single most important issue for consideration by company and agency groups and by insurance commissioners. In advancing this view at the annual meeting of Louisiana Assn. of Mutual Insurance Agents at Edgewater Gulf, Miss., Commissioner Hayes of Louisiana declared that the new theory changes the whole concept of state regulation.

Mr. Hayes noted that no prior approval had been turned down by Na-

tional Assn. of Insurance Commissioners at Philadelphia. However, it is anticipated that many more such proposals will be submitted to various legislatures when they reconvene. In addition, company organizations have begun to circularize agents, brokers and the insuring public on the advantages of such a plan.

It is most interesting to observe that associations of companies—ordinarily completely adverse in their approach to problems affecting the

business—are jointly seeking adoption of no prior approval, Mr. Hayes said. It is only reasonable that commissioners, whose activities are centered in the regulatory field are questioning whether or not the real intent and purpose of these companies is to do away with state regulation.

Free Competition Is Goal

Some of these companies are advocating a federal charter with the hope of having freedom of rate action and unrestrained competition, Mr. Hayes continued. However, he thinks these

companies realize that reincorporation under a federal charter could not and would not eliminate state supervision.

In Mr. Hayes' view, not even the Senate anti-trust and monopoly subcommittee is really pushing for federalization of the regulation of the business, but is mainly advancing the theory of liberalizing the states' rate statutes in the interest of "free and open competition."

Mr. Hayes recalled that since World War II there has been a mass consumer demand for coverage in automobile and fire lines. This was prompted by inflation, accelerated auto production and a housing boom. It is clear that at some point, merchandising was slanted to the consumer rather than to existing agency organizations which grew up under the cloak and protection of state regulation.

Other Perplexities

The question of whether more competition in insurance is in the public interest is certainly one that lends itself to debate, Mr. Hayes said. Without holding any preconceived ideas, he believes that with respect to no prior approval, particular consideration must be given to certain classes. At present, auto rates are already "somewhat competitive."

Insofar as rules and forms are concerned, Mr. Hayes thinks that no prior approval would create chaos. Regulatory officials must maintain controls over rules and forms. Otherwise, there would be such a multitude of variations that the ordinary policyholder would not understand his coverage or, in some instances, would have it unduly restricted by exclusions and endorsements.

Mr. Hayes noted that the complexity and competition existing in insurance raises many problems, some of a recurring nature. But the no prior approval issue goes much deeper than day-to-day problems. He observed that he could offer no solution, but urged the agents to make a comprehensive study of the effect that such a proposal would have on their business.

Glens Falls Raises Hoyt

Gordon J. Hoyt, agency superintendent of Glens Falls' western New York department at Syracuse, has been advanced to the newly created position of administrative assistant in the home office production department. He will assist E. B. Gill, vice-president and production director, and other production officers in administrative and sales activities of all territories, except those reporting to the Pacific Coast department.

Mr. Hoyt joined Glens Falls in 1950, completed the training course and was assigned as special agent in Detroit. He later became special agent in western New York before advancing to agency superintendent there.

Two Named In Pa. Field

State Auto of Indianapolis and Statesman have appointed R. L. MaAuliffe to the territory east of Pittsburgh in Pennsylvania and Grey S. Easton to the central Pennsylvania field.

Mr. Easton has been in the Harrisburg office for six years and Mr. MaAuliffe is just joining the companies.

Arthur S. Johnson has retired as vice-president of American Mutual Liability. He was manager of the engineering department.



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Springfield-Monarch Relocates In Midwest, Names Fish As Manager

Springfield-Monarch has established a new midwestern regional office at Freeport, Ill., in the home office building of Freeport Ins. Charles M. Fish, president Freeport and Horizon and vice-president of other companies in the group, has been named regional manager.

The regional office replaces the western departmental office in Chicago, which was originally established in 1876. Property and casualty operations in Indiana, Illinois, Iowa, Nebraska, North and South Dakota, Minnesota and Wisconsin are now supervised from Freeport. The underwriting staffs and field offices of Springfield employees have been relocated at Freeport.

Mr. Fish joined Freeport in 1935 and was elected president in 1956. He was elected a director of Springfield and vice-president of the group companies in 1960. He is past president of National Assn. of Independent Insurers and of Illinois Bureau of Casualty Insurers.

Buffalo Will Hold Field, General Agent Seminar

Buffalo will hold its annual seminar for field men Sept. 17 at Buffalo. The course of study will run three days and will be attended by 25 field supervisors and general agents operating throughout the U.S. The program will be under the general direction of President Victor T. Ehre, while the individual subjects will be presented by executives and outside specialists.

The program will cover underwriting, workshop sessions, and technical discussions of new developments. Objective is skill and effectiveness of field men in the successful planning and profitable administration of their territories. A review of current conditions in the business will cover new coverages, inspections and appraisals, forms and rating procedures in fire, casualty, inland marine and multi-peril contracts. Production management, including agency appointments and development, will be emphasized. One session will deal with salesmanship.

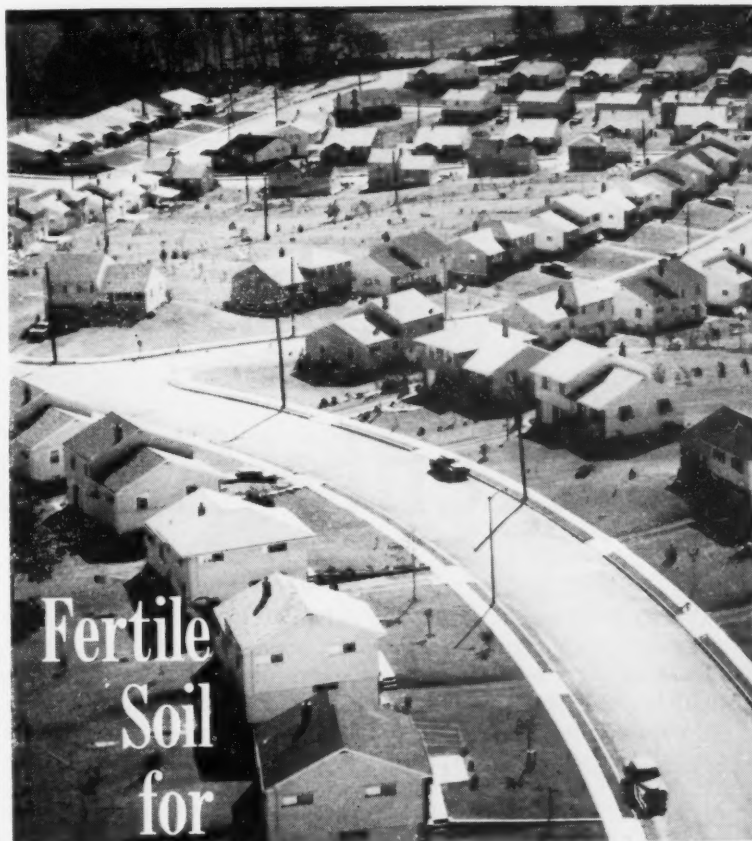
Fire And EC Covers Dogs

Michigan supreme court held the insurer liable for \$1,740 in smoke damage to a dog kennel and the death of several dogs as a result of the smoke poisoning. It upheld a lower court verdict in favor of Vigil against Badger Mutual under a fire and extended coverage policy. The case was that of Vigil vs Badger Mutual, reported in 10 CCH (Fire & Casualty) 977.

The policy insured, in addition to a dwelling and contents, two dog kennels for \$2,000 each and the contents of the two kennels for \$2,000 each. A stove in the second kennel did not function properly, and smoke damage was done to the kennel and several dogs kept by Vigil for breeding and show purposes were killed.

The insurer contended that the basic policy covered only household and personal property usual or incidental to the occupancy of the premises as a dwelling and such items in appurtenant private structures.

But the court pointed out that the kennels were specifically covered. Also, testimony was to the effect that the agent when writing the policy told insured her dogs were covered.



Growing Prospects

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Losses Constitute Area Where Business Could Improve Results

(CONTINUED FROM PAGE 2)

practically total, on a small brick dwelling. Everything appeared to be in order, so the company made out the draft and mailed it. The mortgagee got in touch with the insurer and indicated that something was wrong. A company official visited the banker, who said that \$3,500 would be ample payment for the damage done and that he couldn't in conscience cash the draft. Inspection revealed considerable

damage to the structure, but nothing approaching \$8,000. The company issued a new draft for \$4,000.

In another instance, one item in a list of claims under a fire loss involved \$1,800 for the replacement of an acoustical tile ceiling. A reinspection by the company showed that the ceiling had been smudged by smoke but that the tile were all still perfectly sound. Other items in the list were also exaggerated.

One recent claim, submitted to the company with recommendation for payment, was for \$500 for two sets of golf clubs. Still another was for the loss of an attic fan through electrical breakdown. The fan had not been manufactured for several years. Yet proof of loss was taken for twice the price of a more modern fan of the same size. A policeman in a southern city had a contents fire. The claim was put through, with recommendation for

payment, for 30 sports slacks and 10 expensive sports jackets, a full dress suit and a tuxedo, and several other similar items.

One inquiry into adjustments in a populous midwest area showed that companies were paying 25 to 35% more for repairs and replacements than the actual cost. Much of this was due to failure of adjusters to recheck work done. Of losses adjusted by agents more than 80% were closed out without inspection. In more than 60% of the cases, however, staff adjusters made no inspections. Practically all losses adjusted by independent adjusters were inspected, as were those adjusted by the company sponsored adjusting organization operating in that territory.

Scorch And Mar Losses

Many scorch losses are paid, a lot of them for more than the price of the article itself. This is true also of furniture marring losses.

Apparently some adjusters believe that insured and the agent should be made entirely happy without too much concern for the interest of the company. The trouble is caused to a considerable extent by the fact that many companies allow agents, or some agents, to make adjustments; and, what is even more widely prevalent, allow agents to direct adjusting business, to certain adjusters. Many agents discharge this responsibility fairly and efficiently. But many do not.

There could be substantial improvement in the loss ratio if the companies as a whole would give serious concern to the practices in the loss adjustment field. The surprising thing is that there seems to be little interest in doing anything about it. With better than 60 cents of the premium dollar going out in the payment of losses and loss adjustment expense, this is an area which merits the closest attention and supervision.

Aside from the adjustment, the ad-

Results of our "Agents Seminars"

During 1960, executives of The Atlantic Companies got together with independent agents in all parts of the country for a series of informal meetings. They discussed industry problems and goals, ideas and "gripes". We knew these meetings would be stimulating—but we had no concept of the number of practical, business-building ideas they would produce. Here are five ideas that our Companies, with agents' help, have already turned into realities...



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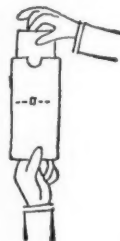


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AVERAGE COMMISSION SYSTEM: Eligible agents can take advantage of a new system which saves time and money in their office and in ours.



Because of the success of these seminars, we will be inviting more of our agents to sit down with us for straight-from-the-shoulder talks in the months ahead. We hope that you will be willing to spare the time. Meanwhile, our sincere thanks for your past cooperation.

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Multiple Line Companies Writing Marine, Fire and Casualty Insurance

Travelers Raises Four

Travelers has named Donald H. Garlock secretary and Adolph E. Tanguay assistant secretary of the fire and marine underwriting department, Pacific Coast division. David E. Nash has been named assistant superintendent in the engineering and loss control division of the casualty underwriting department, and Edward P. Rosania has been raised to assistant superintendent of sales promotion in the casualty-fire agency unit.

Mr. Garlock joined Travelers in 1949 as special agent in Dayton, O., and was later at Columbus as assistant manager and at Charleston, W. Va., as manager of the fire-marine agency department. He was transferred to the home office in 1957 as assistant secretary of the fire and marine underwriting department, Pacific Coast division.

Mr. Tanguay, with the company since 1927, began in the home office fire and marine underwriting department, southern division, and advanced to examiner in 1935. He became examiner in the Pacific Coast division in 1947 and chief underwriter in 1957.

Mr. Nash has been with the company in engineering capacities since 1948 at Dallas, Little Rock and Kansas City. Mr. Rosania joined Travelers in 1958 as field supervisor in the fire and marine agency unit at Albany, N.Y., became assistant manager there in 1959, and was transferred to the home office in 1960 as sales promotion assistant in the casualty-fire agency department.

juster could be of great assistance to the companies if, in making his report, he gave some indication as to the condition of the risk from a physical standpoint. He would not have to spell this out because in many cases to do so would put him in an unfavorable light with agent. But he could suggest to the company that an early inspection of the risk be made. In many cases there is little if any reference to the condition of the risk in the report. In one recent instance the reference was positively misleading.

This involved a fire loss in a brick apartment house caused by a portable oil burner. Modern apartment dwellings do not usually contain portable kerosene burners, so the company asked for an inspection. The adjuster's report contained the notation, "maintenance normal." But a visit revealed that the apartment house where the loss occurred was a shambles, over-occupied, with garbage undisposed of for days. The basement was so full of garbage and junk as to defy ingress.

A notation that the risk might be inspected would be of great value to the insurer. The adjusters are indirectly employees of the companies and should (as many do) have a sense of responsibility to the insurers.

Large Loss Example

While most of the losses referred to here fall in the small or smaller category, it would be a mistake to assume that substantial exaggeration of claims does not occur on large losses. For example, one company received a claim in a fire loss to a motel. The claim totaled \$300,000. The loss was referred to an adjusting firm the company used frequently. After a period of time with little progress toward settlement the company sent out one of its own men. He found that the fire had been confined chiefly to one floor and that total damage did not appear to be anything like the amount claimed. Insured, however, pressed for the full \$300,000. Finally, the company representative asked for a list of the guests registered the day before the fire. Insured settled for \$100,000.

The vast majority of adjusters are honest and competent people. But there is a laxness for which no doubt the companies are in a large measure to blame. The difficulties in the loss field, which are costing the insurers millions of dollars a year, would be greatly reduced if the honest, fair and efficient adjusters, agents, and company people tackled the problem with energy and purpose.

Fireman's Fund Expands In Georgia, California

Fireman's Fund has made a series of moves into larger quarters, involving locations in Atlanta, Los Angeles, San Diego and San Jose. The largest move involves the Fund's Los Angeles office, headquarters of the southern California department where the company, as the principal tenant, will occupy five floors of a 12-story, \$6-million structure at 3223 West Sixth Street.

The new building is located in the heart of the Wilshire office building district and is serviced by the nearby Hollywood and Harbor Freeways, which will soon be supplemented by the new Santa Monica Freeway. Many features of the Los Angeles structure are being built to the Fund's specifications. The move into the new quarters by more than 600 employees will be made over the weekend of Sept. 22, with the opening date tentatively set for Sept. 25.

In Atlanta, a new building costing nearly \$1 million has been built to the Fund's specifications on Peachtree Road, across from Lenox Square, a new suburban development 10 miles from the downtown area. The structure, headquarters of the southern department, occupies a seven-acre tract, where many existing trees were saved and additional landscaping provided to give a park-like setting. There are approximately 63,000 square feet gross in the structure and the entire building will be occupied by the Fund. There are parking facilities for 264 cars. The staff of 325 plans to move in about Oct. 16.

In San Diego, a major portion of a new two-story, brick building at 3250 Fifth Avenue, known as the John Rees Building, will house a staff of 21. The structure will open Sept. 18 as a branch office.

In San Jose, ground breaking ceremonies were held Aug. 30 for a brick and glass building, which will house another branch. Vice-president Stuart D. Menist was among those officiating. The new structure, between First and Fourth Streets on Rosemary, is in a new and fast-growing development area. The Fund will occupy 6,400 square feet of office area, which can be doubled in size for expansion purposes. The building, about 80% glass, is expected to be ready for occupancy Dec. 1. There will be 43 employees.

Other recent California moves included the move into a new home in

Sacramento, at 2401 J Street, and enlargement of the Fresno office at 826 North Fulton Street. Both became full-fledged branch offices. Last year, the New York City office, headquarters of the eastern department, opened in a new location—on five floors of the new 32-story office building at 110 William Street, in the heart of the insurance center.

George A. Boyd, executive vice-president of America Fore Loyalty, has been elected a director of National-Ben Franklin.

Sims American Cas. Manager In Oklahoma

Harold W. Sims has been named manager of American Casualty's Oklahoma City branch, replacing A. E. Brookes, who has retired. Mr. Sims had been production manager at Atlanta. He has served in underwriting and production capacities in both Louisiana and Georgia. He is a CPCU.

1752 Club of Ohio at a recent meeting in Columbus outlined final arrangements for its fall clinics.



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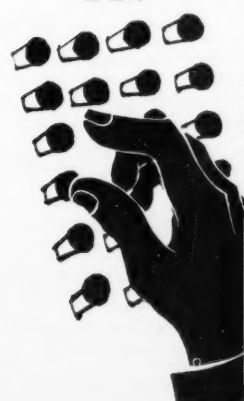
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Agents Debate Pros, Cons Of Representing Fewer Companies

(CONTINUED FROM PAGE 20)

correspondence with fewer companies. You might have a few less but I would say a mighty few less because you are not reducing the item count.

The meat of the whole thing centers on the problem of product, market and capacity. If a reduction in companies removes from your marketing shelves policies, coverages or capacity and you leave empty spaces on the shelves, then your reduction in company representation was not in the

best interest of your customers.

If you are unable to handle a line because of capacity requiring you to "buy" insurance for your policyholder then reducing companies was not wise. A broker cannot have the influence with a company that an agent has, particularly in the event of a controversial claim.

To sum it up, I eliminate companies which have nothing specifically to offer and those which are hard to get along with in claims and underwriting.

I will be just as quick to take on new company representation when by doing so I will be putting better products on my shelves, thereby carrying out my independent agent status of being able to place my customers' insurance with the companies best able to do the job and provide completeness of coverage.

Donald C. Brain of W. B. Johnson & Co., Kansas City, writes: While I cannot give you any factual informa-

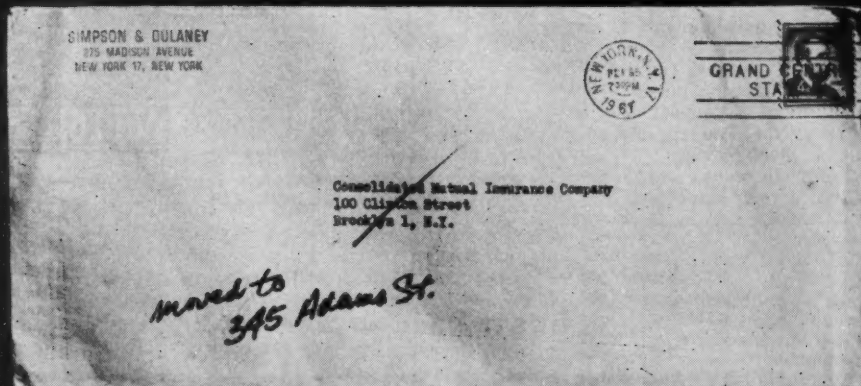
tion on this subject, there has been a lot of lip service given to the principle. However, I have some grave reservations as to the value of reducing companies beyond the number necessary to contain a representative sampling of the market. In spite of all the protestations and speeches that are being given by some of the leaders in the industry about the fact that they want their agents to be salesmen, there is a fundamental discrepancy between the actual function of an agent in an effort to represent the purchaser of insurance and place his coverage with the company best suited to carry his coverage and offering the coverage that meets his peculiar requirements, with the often repeated statement that what we want are salesmen who will sell our product. I sometimes wonder that you people don't get into this particular area of discussion a little stronger.

Another agent wrote: Offhand I do not know of any agency which has kept a record of office savings as the result of its reduction in the number of companies. This is a most interesting question, and I would like to know the answer.

Allen R. Elliott of Thompson & Peck, New Haven, replied: Reducing the number of companies an agency represents is a matter our agency feels an agent must approach with extreme caution. In the final analysis I guess you would place us on the opposite side of the fence.

This particular philosophy, in my own mind, is one that is being solidly preached by the giant companies primarily to increase their own writings and obtain a better degree of control over their agency plants. As an independent agent, however, I cannot feel that this is in my own best interests or in the best interests of our agency. Though the reasons have changed for representing a large number of companies, and undoubtedly there is not as much need to represent as large a number of companies, I do feel that an agent must keep open to himself as many direct sources as he can physically handle in order to live up to his name and reputation as an independent agent. The number of companies he represents should be limited by his volume and personal capacity to absorb the various tasks being taken daily by the major groups. Without these sources being directly

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available to him, he is not living up to his reputation or potential ability as an independent agent, which he so proudly preaches.

I am in favor of keeping a relatively large number of companies in an agency rather than reducing them substantially.

One agent wrote: I know of some agents who have reduced the number of companies. But I don't know any who kept track of the savings. As a matter of fact, before our consolidation several years ago I reduced the number of my companies and even though I did not keep a record of my actual savings, our paper work was considerably simplified. In our consolidation we, of course, use machine accounting and at present we have more companies than we need. We are in the process right now of trying to determine which of these companies will be dropped. However, as far as savings are concerned there will not be any since the cost of machine accounting is on a per item basis and the number of companies is not considered at all in the cost of this service.

Roy H. MacBean of Cranford, N.J., replied:

While we haven't kept track of office savings (this would probably be a difficult thing to evaluate), we do know that beginning about 1950 we started to eliminate companies that did not have a representative volume with us or that we felt we could very easily get along without.

20 Down To Nine

We were at that time doing business with 20 companies on a volume of approximately \$300,000. Last year the volume was \$756,000, and one company, Travelers, received \$530,000.

During the past year, only five other companies individually received as much as \$10,000 of premiums. The company second to Travelers received \$36,000. The number of companies we were doing business with on an agency basis was down to nine. (We also

brokered a large volume of student medical business.)

Package policies have spurred the trend to fewer companies and will continue to do so. Also, I think that when an agency has a large multiple line company, it is less likely to need the facilities of certain of the specialty companies. Fewer companies certainly make it a great deal easier to account for premiums and to pay companies, and simplify the internal workings of an insurance office.

Sees Long Future For Big I

C. Ray Ward of Sparta, Tenn., who has just completed construction of his new office building, had the Big I emblem done in terazzo tile, and set in two solid inches of concrete in front of his office door. This, he says, guarantees the emblem for at least 200 years, barring bombs or little boys with dynamite.

Construction of the multi-colored emblem took three days, as each piece of the tile had to be put in individually and each of the colors had to set before other colors could be added to the logo. Mr. Ward is past president of Insurors of Tennessee.

Kemper Elects Four Directors

Kemper group has elected Arthur E. Summerfield a director of American Motorists, a position he held before being named Postmaster General in 1952. Lumbermens Mutual Casualty has elected Allen A. Rowan-Legg, president Superior Propane, Toronto, to the eastern advisory board, and Robert F. Smith, president Indiana General, and Hampton E. Tonk, president Tonk Manufacturing Co., to the manufacturers advisory board.

New Boston Office

Mutual of Omaha has opened field service facilities for eastern Massachusetts at Boston. R. D. Coughlin, regional benefits director for several eastern states, has been named to manage the new office, which will be independent of sales operations.

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Gives Prescription For Future Growth Of Small Company

(CONTINUED FROM PAGE 16)

and leave it up to the agents to sell the public. This is no longer true. The big companies are talking directly to the public on a national basis. Their advantage over the small ones in this area is that with their enormous annual premiums the cost of the stepped-up advertising programs tend to get lost in their expense ratios. How much good these programs do is still a matter of great question. But it is ob-

vious that no small company will be able to afford to use the national advertising media.

In mechanization and automation the big company can afford the super-installation that a small company cannot justify.

Any company which intends to operate in the mass market of personal lines has to have a multiple line operation. Larger companies already have this in most cases. Many of the smaller

companies do not. Advantages of multiple line operation are obvious, but they do not necessarily accrue from size. It is true, as Mutual of Hartford has learned, that the small company without a multiple line operation is at a disadvantage.

A company writing many millions of dollars of business can almost be its own rating bureau if it wishes to. With proper statistical analysis, it can use its own results to formulate new

plans and new approaches to help it in the dog-eat-dog competition of today and tomorrow. A small company must use the averages available or bet on the unreliable statistics which come from its smaller and narrower volume of business.

A very small company cannot justify additional staff research where a large one obviously can. The implication, of course, is that the management of the small company itself must do the necessary research and come up with the new ideas from which the business of the future will eventuate. But most small organizations are understaffed at the top already. The usual result is that the staff work is not done and developments for the future are a mixture of improvisation and reactions to the development of others. Or, in some cases, of course, no changes are made or planned and this, in the face of the rapid development of the business, is almost a sure guarantee of eventual dissolution.

Salary Makes Difference

Obtaining the kind of hard working, imaginative person needed to run any insurer in the competition of today becomes easier the more money it is able to offer. It is equally obvious that the large company is better able to offer large sums than the small one. In a company doing a large business, the personnel cost as a percent of volume would be lower, and total salaries and benefits of the top executives would be a smaller percentage of total salaries than in a small insurer. For all employees, management or not, the larger companies probably can offer greater job security (although this has not been borne out by developments in some companies in Connecticut) and provide broader fringe benefits because they are operating with a larger group.

All of these advantages are important in some degree. But Mr. Alsop hastened to point out that in the matter of automation a small company has access to less costly machinery which can do its job reasonably well. In advertising and promotion, an equivalent program can be carried on in local media. Alternatives are available where other disadvantages exist for the small company. Also, the small organization has certain advantages.

A small organization can act quickly, if it has courage, equanimity in the face of odds, agility, aggressiveness in seeking out a target, and accuracy in hitting it.

Offers Close Connection

The small company has something to offer which is effective in recruiting personnel as it expands. This is the relatively close connection between the man on the firing line, in the underwriting department, accounting, or out in the field, and the top management of the company. This close connection of all levels inevitably results in a more personal relationship and generates a better morale. If the company is small but growing (and this latter is an important requirement), to many good men and women it will appeal as a better vehicle for individual achievement than the large company where there are 50 ladder rungs to the top. They will also feel that the small company gives them a better possibility for rapid individual recognition on the basis of excellence and a better opportunity to get experience in all aspects of company operations than would be available in one of the giants where the individual departmental employee has little chance of understanding much beyond the



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range of the departmental effort.

The small company can provide the personal touch. Most people, agents or members of the public (and agents, after all, are members of the public) like to be treated as individuals, to feel that they are dealing, not with some large impersonal juggernaut who will think of them as a unit in a mass of 10 million units, but as a friendly organization that will know and understand their individual problems and be their friend. Obviously, it cannot be said that all large companies are impersonal monsters nor can it be said that all small companies are warm institutions with a heart. But it is easier for the small company to be an institution with a heart.

Knows Half Of Agents

Mr. Alsop's company had 500 agents, and though he has been out of direct contact with the field for a number of years he still personally knows half of them. In many smaller companies

which have not grown as rapidly as his, the percentage would be much higher.

These advantages are perhaps less numerous and less specific than the advantages which accrue from size. But they offer great benefits to the company which wishes to use them to the full and constitute an adequate counterweight.

Mr. Alsop predicted that in the face of current developments there are going to be fewer independent units than presently exist. Most of the big insurers and some of the little ones are going to get bigger by merger, purchase, and consolidation. Some of the big ones and perhaps many of the really small ones are either going to disappear in merger or liquidation or they are going to lose their independence.

How To Survive

He suggested several requirements for continued independent survival.

Mechanization calls for a large number of units in order to justify itself and mechanization has a great part in the future of the insurance business. In addition, it is essential that producing personnel spend their maximum time in talking with and giving service to agencies, and in doing other productive work and not in cars and planes flying or traveling between stops.

It is perfectly possible to establish a preeminent position in a market by operating on a concentrated basis and without trying for national recognition, he pointed out. Concentration in an area produces a catastrophe hazard, particularly from hurricanes, but this can and must be cured by proper reinsurance facilities.

Another form of concentration which is necessary is concentration of effort along certain specific lines with established goals and objectives in mind. No matter how hard it tries, the small company is not going to survive unless it establishes certain goals and concentrates its attention on them. Any small organization which in the midst of the battle climbs on its horse and takes off in all directions at once is bound to wind up nowhere.

Rates Going Down

Rates on some classes have been reduced below profitable levels, he said. They may be reduced further. Add to the potential dangers of an inadequate rate schedule the financial problems created, for instance, by diversification of lines (which means hiring additional personnel without any business to support them), and it is quite obvious that the small company should

have a substantial surplus to fall back upon. Also, a company which is operating in a concentrated area should have a larger ratio of surplus to volume than is needed in a business that does not have the hazards of concentration.

Should Offer Full Line

If the small company wants to operate in the mass market, he said, it should move as rapidly as possible to offer a full line of business for the individual property owner, including fire, liability, probably A&S, and some

forms of life. Fire and casualty at least must be offered. A single line company can become multiple line, or get the benefit of multiple line operation in many ways:

By setting up its own operation in the new field, by purchase of any other company, by merger, or by association. None of them is easy. All of them mean blood, toil, tears, sweat and pressure. But necessity demands action. It is a frustrating experience to see the new business come in one door while the old business goes out the other. It is becoming increasingly dif-

Kastner Is Named By Public Service Mutual

Public Service Mutual has named Charles R. Kastner special representative for the downtown Manhattan territory.

Before joining the company, Mr. Kastner had been for 10 years with Hartford Accident in New York. Earlier, he had been for four years in the Philadelphia home office of Manufacturers Casualty. Mr. Kastner entered the business in 1938 with New York Compensation Insurance Rating Bureau.

Revise Church Cover Guide

A revised Guide to Property & Casualty Insurance on Churches has been published by Insurance Information Institute. The guide describes church risks that may be insured and lists types of protection, including the public and institutional property form and another form to be available in the near future. The new form is a single endorsement, combining extended coverage perils and vandalism and malicious mischief with many other risks of physical loss, limited to buildings only.

Since churches are particularly vulnerable to fire damage because of their large open construction and to claims from accidents, which happen frequently in places of public assembly the booklet devotes a section to suggestions for fire and accident prevention.

Copies of the booklet are available from III, 60 John Street, New York 38, N. Y.



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difficult to fly on one wing.

However, a good case can be made for the prospects of a company which chooses to specialize in one type of business and to become a recognized authority and insurer. The history of the business is full of companies set up to fill a specific need. They have prospered in doing so. They have become the recognized market for a special kind of business. By their knowledge and ability they have been able to hang onto it. They probably will be able to continue to do so if their business is good. However, the chances are they will get some pretty tempting offers to become part of larger combinations. The expert and specialist company which concentrates on underwriting business in one or more complicated and limited fields will no doubt be able to continue to survive if properly financed and managed.

Public Deciding Factor

As time goes on in the insurance business, it becomes clearer and clearer that the public in the last analysis is the deciding factor, he said. It will not be possible for any company, large or small, to continue functioning unless it is willing to provide a thoroughly competitive product at a thoroughly competitive price. This has to be on a basis which provides a thoroughly competitive set-up for its selling forces so that they will be encouraged by this means also to push the company's product. To be competitive the product must be favorably priced, it must be broad in coverage. The company's service, both before and after a loss, must be excellent.

Today, he said, nothing sells itself. In the past it has been more true of insurance than most products that it was bought rather than sold. But the company that relies on this theory in the future will not survive. It is perfectly possible for a small company in a concentrated area to do a proper

merchandising, advertising and promotion job, in terms of the local area, and probably a better one than can be done by the large company that is operating country-wide.

Management in the small company, as in the large, is going to have to concentrate, in this era of higher permissible loss ratios, on finding ways and means to do more things for less money. Mechanization is a part of this, as is a constant restudy of methods of operation. Systems in the departments of insurers tend to build up through the years and, as they build up, they become more ramified. Constant restudy is necessary to eliminate activities thought to be essential 10 years ago but which today can be eliminated.

Lack of pure size will not prevent a company from meeting any one of these requirements, Mr. Alsop declared. For the company willing and able to meet their requirements, the future is bright. Insurance today, as always, is very much a local business. It requires adequate capital, but it does not require enormous concentrations of capital which, for instance, are necessary to compete in the automobile business or in the making of steel.

The way things are going, all companies will not survive, he said. This is a period of merger and consolidation which may last for quite a while. But the market for the product is growing and will soon grow even faster. The small company can keep and perhaps increase the scope of its place in the sun.

N. Y. Insurance Society School In Special Courses

The school of Insurance Society of New York will conduct a course on medico-legal jurisprudence, emphasizing the preparation and trial of cases involving BI claims. The school will also present a new mathematics course for actuarial students, in cooperation with Casualty Actuarial Society. Both courses begin Sept. 20 and will be held Wednesday evenings. The actuarial sessions will be divided into fall and spring semesters.

The medico-legal instructor is Corydon T. Finn of the New York law firm of Finn & Rebecchi. Howard E. Wahlert, professor of mathematics at New York University, is instructor of the actuarial course.

Craig To N.Y. Board

New York Board has appointed Harold A. Craig Jr. assistant general adjuster of the committee on losses and adjustments. He will assist John J. McGovern, general adjuster and assistant secretary, in the supervision of committee losses in the five boroughs of New York.

Mr. Craig has been an adjuster and claims executive with U.S.F.&G., Home, and National Union.

Joins Govt. Employees

Government Employees has named J. Gardner Lawlor assistant vice-president in charge of investments. He was one of the founders of American Mercury, became its president and chairman, and remained as a director until 1958. Most recently he has been Washington representative of Eastman Dillon, Union Securities.

The Abilene regional office of General Adjustment Bureau has been moved to 141 Mulberry Street. J. V. Winn is regional manager, and F. L. Willshire Jr. is manager of the local branch office at the same address.

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Tells What Agency System Must Do If It Is Going To Survive

(CONTINUED FROM PAGE 10)

partments of the several states, he said, rather than domination of the daily activities of the business under laws which were never intended to produce this stultifying result.

Gerber's Views

It is interesting to note that no less a person than Joseph Gerber, director of the Illinois department, has warned that competitive filings must prevail in fire and casualty or federal intervention will result. At the same time, he expressed concern over the adequacy of some deviated rates, and stated that the absence of a suitable test made it necessary to accept the judgment of the filer in these cases. This admission is somewhat puzzling in view of the fact that Mr. Gerber was chairman of the committee of National Assn. of Insurance Commissioners which flatly recommended retention of prior approval laws. The practical effect of these laws is to put the responsibility for judging the adequacy or inadequacy of rates upon the regulator rather than the filer.

There is, Mr. Smith declared, no reason to believe that state regulatory bodies are so much better qualified to forecast the adequacy or inadequacy of rates as to warrant their assumption of full responsibility for approving them prior to putting them to the test of actual use. Mr. Gerber put his finger on the difficulty when he pointed to the absence of a suitable test. New policies, new rating plans, and innovations of all sorts seldom, if ever, have sufficient historical background against which one could apply a test which would provide a conclusive answer. Mr. Smith said it is necessary to rely on the judgment of underwriters and actuaries whose years of training and experience give them a special skill in judging the probable results of unproved factors. This is the insurance business.

Regulator's Judgment

Thus, he added, the judgment of a regulator often without previous insurance experience, is no better than the judgment of the filer's experienced underwriters, and probably not as good. However, he conceded that the regulators may be better equipped to make an impartial judgment of the results produced by policy forms and rating plans after they have been put

in use. This should be done by examination of company experience by actuaries. It is certainly true that the regulator would be in a better position to pass judgment on the basis of fact rather than conjecture.

He emphatically urged agents to think hard before joining the advocates of more rigid regulation, abolition of deviations, paramount bureau rates, compulsory bureau membership, routine public rate hearings, prior approval of rates, and other devices that hamstring competition and dominate the insurance scene.

The effect of such measures would not be in the public interest. He said he does not accuse the advocates of these principles of deliberately acting against the public interest. They have somehow persuaded themselves that measures such as these would be best for all concerned. But Congress found need for competition in the insurance business and clearly established the principle of reasonable freedom for competition when it enacted public law 15 and retained the power to re-

assert its regulatory power over the business in the event its dictates are not carried out.

All Lines Movement

There are perhaps 170 fire and casualty groups with life company affiliates, Mr. Smith said. This, coupled with the decision by the New York court of appeals holding that a life company may own a fire and casualty company, clearly forecasts another revolutionary change in the business, he opined. Once exposed to each other under the influence of this decision, natural forces will draw fire, casualty, marine, automobile, and life insurance together. This movement is almost inevitable, Mr. Smith said, and predicted that the large life companies will shortly enter the fire and casualty business, just as the fire and marine companies found it necessary to enter the casualty business in years gone by.

This means that agents will sooner or later be under great pressure to add life insurance to their services if they have not already done so. Just as

package policies have won public approval by simplifying the policyholder's insurance problem, so will the principle of complete multiple line sales and service win public acceptance. This additional potential is exciting and challenging, he said. It also presents the agent with another problem at a time when he is already faced with more than he cares to contemplate.

Sales And Service

The agency system, convinced it best serves the interests of the insurance buying public, has some enormous hurdles to get over if it is to attain the degree of harmony and streamlined operation required to overtake the direct writing and mutual organizations. Success depends primarily on the agent's determination and ability as a conscientious business man to excel in the vital areas of sales and service. The agent's sales activities are in the spotlight because the system is being challenged by another system that has proved to be a serious contender in today's competitive atmosphere. His service activities are also in the spotlight because that is a func-



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Allstate Makes Number Of Regional Office Changes

Robert B. Sheppard has been named manager of Allstate's regional office in Charlotte, N. C. He fills the vacancy left by the promotion of A. M. Eisenbart to the home office sales department in Skokie, Ill. Mr. Sheppard joined Allstate in 1953 as an agent in Menlo Park, Cal., and later was district sales manager, sales development manager and regional sales manager.

Six other executive appointments have also been made, including two in the Rochester, N. Y., regional office: David D. Baker regional sales supervisor—commercial casualty and George A. Griswold, policy service division manager.

Other regional office promotions include Hugh M. Colvin, accounting division manager, Detroit; Robert S. Hallock, district sales manager, Salem, Ore.; Harry W. Hart, policy service division manager, Santa Ana, Cal., and Charles E. Price, district sales manager, West Hartford, Conn.

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tion in which he is expected to excel.

As a group, agents are proud and jealous of their independent status, and Mr. Smith does not quarrel with that. This means that they are free to sell the products and services of the companies they represent or to decline to do so, as they see fit. They are free to choose companies. They establish their own operating methods according to their own ideas. They are free to originate new merchandising practices, free to advise clients on the value of the host of new policies, coverages and services. With such freedom of choice, the public interest should be well served and through agents' own endeavors they acquire a right to the customer relationship, called "expirations" for short. This is their undisputed property. This is their business. But as the great Brit-

ish statesman, Disraeli, pointed out, property has its duties as well as its rights.

One duty requires careful consideration. Since the independent agent holds undisputed possession of the client or customer relationship under the agency system, the agent also has full and serious responsibility for the production of business for agency stock companies. This is the crux of the problem. The agent's companies are dependent upon him—and they are worried.

They are deeply concerned over the future because they do not see an end to the shrinkage in their share of the total insurance market. They are frustrated by the distrust of their agents in measures which are obviously necessary to compete in today's market. They are puzzled by agents' op-

position to any loosening up of rating laws which would enable their companies to move more rapidly in a swiftly changing market. They are worried because they do not see the growth in agency ranks to keep up with the expanding economy and to provide for continuity.

What is to blame for all of this? For most of it, competition. The competitors of the agency system are selling cost, which is a real and important consideration to the insurance buying public. The agency system offers its clients and prospective customers quality and service—at a slightly higher cost. Mr. Smith wonders if it isn't time agents and their companies quit deluding themselves into believing that they have a monopoly on quality and service and that for this reason alone consumers will prefer the agency system. There is no such monopoly. Quality and service are essential in the business. But today's consumer considers price equally with quality and service.

How can the agency system avoid sacrificing quality and service in order to reduce prices?

Must Reduce Expense

The answer, he said, is obvious: Companies and agents alike must reduce the expenses of record keeping, billing, accounting, administration, and countless other housekeeping functions.

Automation and the marvels of electronic data processing are at once available, he said. But due to the old fears of change, this remarkable cost cutting potential has remained virtually untapped by independent agents and companies. Some progress, however, has been made. The handling of the vast mountains of statistics, calculations and figures attendant on company operations now is being accomplished by a number of companies with electronic data processing. As a result, there has been a considerable increase in efficiency, and an appreciable decline in operating expense. But, at the same time, many agents continue to spend valuable hours in their offices laboring over a host of burdensome details which should be more economically handled by the processing systems maintained and operated by their companies.

Companies and agents must agree to eliminate as much as possible the present duplication of effort, Mr. Smith believes. Direct billing and continuous policies offer great possibilities and they have already been accepted by many agents. It was reported at the NAIA convention last September in Atlantic City that 50% of members write continuous policies,

while 40% have made use of direct billing.

These possibilities should be examined in an atmosphere of mutual trust. Companies are seeking other answers to the problem. His own company has a team working on the relationship of many of problems to electronic data processing. The team consists of experts in agency matters, applied electronics, and underwriting. The agency the company purchased makes an ideal testing ground for the projects assigned to the research team.

Study Agency Function

North America currently is engaged in detailed study of every function of the agency. This is the first time it has been able to examine the entire agency function from order blank to profit and loss statement, and it is reviewing this material in conjunction with its own processing practices to find areas where they may be integrated profitably for agent and company.

The company also is installing an automated accounting system, and the project is being observed in detail so that every phase of the transition may be documented for use by agents. Additionally, members of the processing management staff are being exposed to the practical operation of the agency so as to acquire a more sympathetic understanding of the agency function.

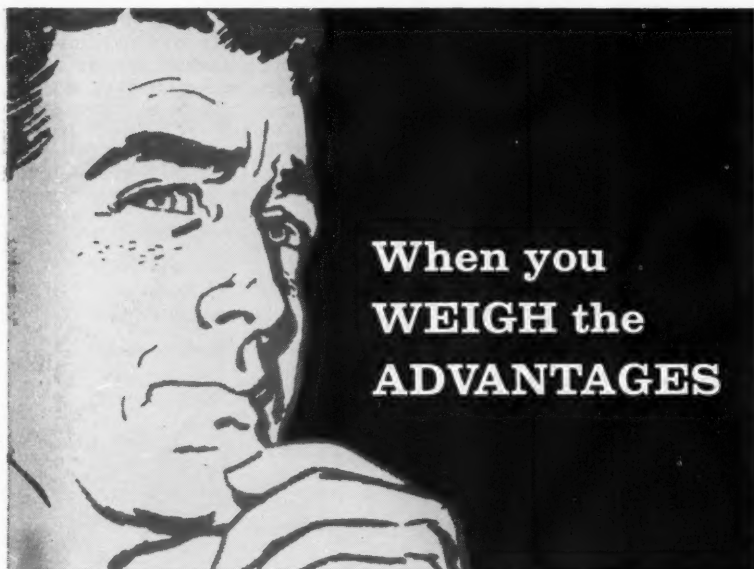
He said the company has had magnificent cooperation from its agents in such matters in the past. However, some areas of experimentation involve risks and costs which it could not reasonably ask agents to share.

He commented also on the company's direct assistance for the growth and expansion of the agency system.

Agency System Falls Behind

The agency system has not maintained a rate of growth commensurate with the rapid and steady rise in our national population, Mr. Smith declared. In 1950, for example, there were approximately 100,000 independent agents serving the needs of more than 150 million persons. In 1960, the census revealed an increase of 30 million people while the agency system remained relatively constant. By 1970, the population is expected to increase by an additional 33 million. If the agency system fails to maintain a rate of growth in its sales and service function proportionate to the national growth, it will create a vacuum which will be quickly filled by competitors.

There are, of course, valid reasons for the failure of the agency system to attract and hold the aggressive,



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young and intelligent men so desperately needed. The problem of training and financing especially are insurmountable to many of smaller agencies and even difficult for many larger agencies. Hence the North American agency builder.

Competitors spend huge sums of money to advertise their products to the insurance buying public. Up till now, their hard-sell technique has been effective—not because it is necessarily the correct technique, but because it is the only technique that the public has seen on a day-in, day-out basis. However, huge sums of money and constant repetition are not enough to win permanently an enlightened market to the side of any merchandiser. The public soon tires of the hard sell approach and begins to look for substantiating evidence to back the claims of its proponents. That is where the stock company-agency system has the edge, he declared.

What Will Stem Tide

New and economical coverages and methods of convenient payment for products, the popular package policies for home and business and other innovations, accepted by the public, in demand now and in the future, will help stem the tide of competition. However, the future course of the business is in the hands of agents. They supply the force that puts company products and services to the test of public acceptance. Their companies can fight for liberalization of the regulatory laws and champion new selling tools, new policies, competitive rates and convenience packaging.

But unless the agents are prepared to take these innovations before the insurance buying public, the cause of the system will be lost. It is, therefore, the agents' responsibility to build his agency, to step up his new business program, to limit his housekeeping functions to a bare minimum, to create an attractive image of the stock agency system in the public mind, and to get out and sell quality protection.

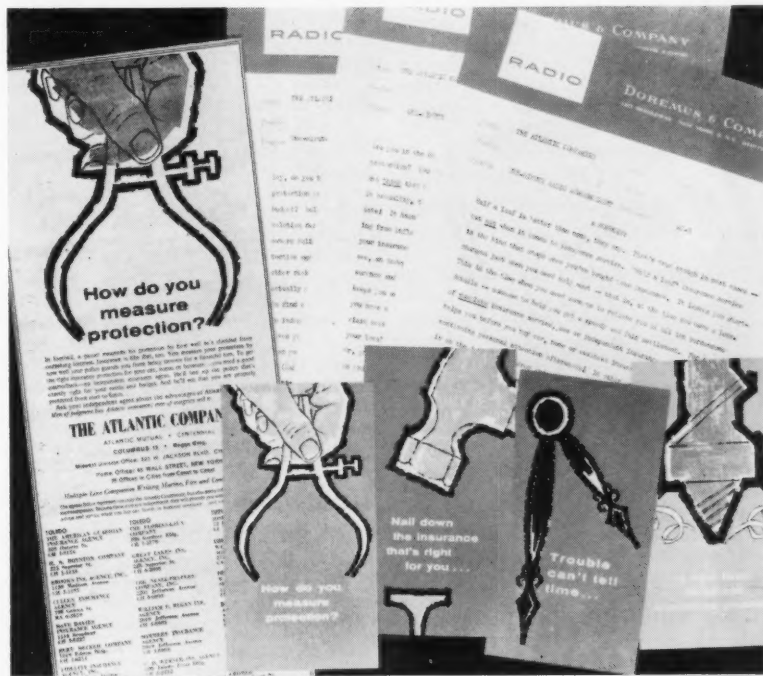
"This is your business," he declared. "Ours is to help you accomplish these things."

Medical Mutual Rates Increase

Medical Mutual of Cleveland, companion agency of Blue Cross, plans to increase its rates on surgical and medical insurance plans before the end of the year, to affect contracts covering 500,000 persons in Cuyahoga, Lorain, Lake, Geauga, and Ashtabula counties. The hikes will range from 15 to 75 cents a month. They will be the first increases since the plans were offered in the 1940s. Rates will remain the same for approximately 600,000 others insured under later and broader plans that provided payments for certain doctors' fees.

Dollahan Claims Service of Evansville, Ind., has moved to new offices in the Reed Building, 2709 Washington,

Agents Like Dignity Of Co-Op Ads



As part of its cooperative advertising program with agents, Atlantic Mutual is running a series of seven newspaper ads, each 130 lines on three columns. The series, which started in February and will conclude in November, is appearing in more than 90 daily papers in the U. S. Emphasis in the ads is entirely on the independent agent. His services are described, and he is identified as the source of professional advice and the purveyor of sound protection who will also be on hand at the time of loss for further assistance when it is most needed. Agents may be listed in the ads for a nominal charge. The company reported that more than 1,000 agents are partici-

participating in the program to date. Also available in this campaign are seven mailing pieces in two colors, tying in with the ads. These pieces have space for the agent's imprint and the Big I seal. Another feature is a series of tie-in 60 second radio commercials. These announcements also put the emphasis on the agent and his value in relieving the insured of all worries from the start to the finish of the insurance transaction. All of the material in this campaign is marked by the dignity of its approach. This is summed up in a message in the ad which states that men of judgment buy the company's insurance, and that men of integrity sell it.

III Handbook Details Property-Casualty Data

Insurance Information Institute has published Insurance Statistics—1961, a 38 page handbook for editors, writers, speakers, teachers, students, researchers and those in the insurance business.

The booklet also has a glossary of insurance terms. It is available from III, 60 John Street, New York 38, N.Y.

John S. Forseth has joined his father in the Fritz A. Forseth Co. general agency of Aberdeen, S. D. He is a law graduate of the University of South Dakota and a member of the South Dakota bar. He has worked in the general agency during vacations. An older brother, Fred Forseth, is also associated with the general agency as office manager. He has been with the organization for five years.

McCabe Heads L.A. Office Of Intl. Aviation Underwriters

Richard W. McCabe has been appointed Los Angeles manager of International Aviation Underwriters. He will be responsible for southern California, Arizona, and southern Nevada. Mr. McCabe has been with the San Francisco office of U. S. Aviation Underwriters as an underwriter for three years. Previously he held a comparable position with Royal-Globe group in San Francisco. He replaces P. G. Spexarth who recently was elected IAU vice-president at the home office.

Rathje To Mo. Field

Donald Rathje has been appointed special agent of Crum & Foster in Missouri with headquarters at Kansas City where he will be associated with Norman F. Strayer, district manager. Mr. Rathje took the insurance

course at the University of Nebraska and was a part-time agent while attending school. He joined Crum & Foster after graduation and has completed the company's training program.

No. America Expands In L.A.

North America has broken ground at Los Angeles to expand the facilities there. The program calls for addition of three full floors to the present service office, a roof enclosure and larger parking area. Office space will be increased 75%, and room will be available for 85 cars.

Have you Chased Any FIRE WAGONS Recently?

What a question! Of course not. But when your policy-holders are involved, maybe it's a good habit to develop.

Luckily, there's no need to break your neck getting to the fire. In fact, the best time for you to arrive is when the fire-fighters are departing. You can be the first to bring some good news to your stricken policy-holder.

The good news is professional odor removal by Airkem SOS—the one sure way of "doing something immediately" for the policy-holder. Repairs, rebuilding, salvage, usually take days, sometimes weeks. But, Airkem SOS can be on the scene as soon as the fire has been put out. You can gladden Mrs. Homeowner's heart with the good word that every whiff of that sickening smoke odor will be gone overnight. You can bring the sparkle back to Mr. Storeowner's eye by explaining that he won't have to have a fire sale—his goods will be like new in a matter of hours—he will be back in business tomorrow.

You've made a friend for life. You've demonstrated what service can really mean to your policy-holder. You've pitched in with valuable help in a time of urgency and confusion.

So chase fire wagons. Make sure that Airkem SOS is called in on every loss that's not total. It is the kind of service after a loss that speaks for itself.


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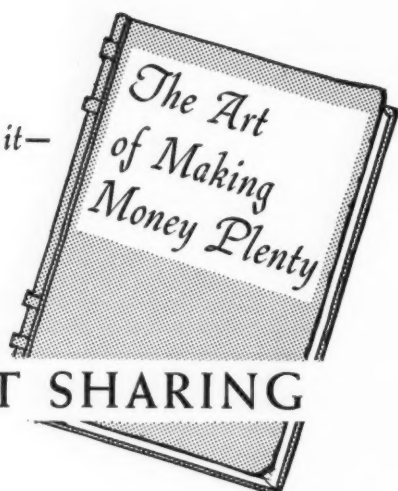
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American Surety In Midwest Claim Moves

American Surety-Pacific National Fire have placed in operation their new western regional claim department in Chicago, with Daniel B. O'Neil as regional claims manager.

Mr. O'Neil joined the companies last May. He received his supervisory experience as claims manager for 13 years with Massachusetts Bonding. Before that he was an adjuster with General Accident.

Richard W. Lowery and John M. Lang have been appointed assistants to Mr. O'Neil. Mr. Lowery, who will be regional bond claim manager, has been with the companies for seven years. Mr. Lang, who will be assistant regional claim manager, joined the organization last February. He was formerly claim manager in the home office of Northern of New York.

Hardware Mutuals Appoints Bureau Operations Manager

Hardware Mutuals has named M. C. Olsen bureau operations manager. He will divide time between the home office and the New York headquarters of Mutual Bureau and Mutual Insurance Advisory Assn. He assumes responsibilities formerly held by Anthony H. Scholz, resident bureau representative in New York, who has been transferred to Newark in a commercial underwriting capacity.

Mr. Olsen joined the group in 1934 as an auditor. He was later district manager and general underwriting manager in the home office. In his new position he will represent the company on various committees of Mutual Bureau and MIAA, as well as on National Council on Workmen's Compensation Insurance. He will continue as president of Wisconsin Council of Safety and as chairman of Wisconsin Traffic Safety Conference.

Nation Joins Underwriters National

F. W. Nation has been appointed director of agencies of Underwriters National of Indianapolis. He will be in charge of field forces in Indiana and will work closely with field men of Early American Life, whose health insurance business was recently bought by Underwriters National.

Mr. Nation began his career as a debit agent in 1940 in Indianapolis.

Salem Agents Elect W. C. Dyer

Salem, Ore., Insurance Agents Assn. elected W. C. Dyer president and M. Seamster vice-president. Clarence M. Byrd has been reelected secretary-treasurer, and Donald H. Wells a director.

United Pacific Raises Hodson And Graham

John A. Hodson and Louis G. Graham Jr., bond managers at San Francisco and Los Angeles Wilshire, respectively, have been elected assistant secretaries of United Pacific.

Mr. Hodson is a ten-year man with United Pacific, and was bond manager at Seattle for six years prior to his transfer to San Francisco in 1957.

Mr. Graham was bond manager of the Los Angeles metropolitan office in 1953, became assistant bond manager at the Wilshire branch early in 1957, and was made bond manager there later that year.

Buckeye Union Promotes R. P. Maier To Manager Of Cincinnati Branch

Robert P. Maier, assistant manager of Buckeye Union at Cincinnati, has been appointed manager there. He succeeds Charles M. Hebble who has been elected secretary of the casualty company.

Mr. Maier has spent his entire insurance career with the Buckeye Union companies. He started work as an adjuster in 1948 and two years later was transferred to the underwriting department. Since then he has served as an underwriter, special agent and, in recent years, assistant manager at Cincinnati.

Molloy Opens Zurich's New Cincinnati Office

CINCINNATI—A new branch office of Zurich group has been opened in the Gwynne building here. It is the first time Zurich has had a full scale branch in Cincinnati. Thomas P. Molloy, formerly supervising underwriter at Cleveland, is manager and R. P. Corrigan and K. B. Marlett are sales representatives.

New Aviation Finance Company

Pioneer Finance Co. of Detroit, has made arrangements to enter the general aviation finance field in cooperation with American Mercury of Washington. Pioneer will offer to aircraft dealers a financing and insurance package to cover both new and used aircraft, as well as equipment, parts, repairs and services.

Vern Gilbert Co., Portland, Ore., has purchased Cascade General Agencies of Oregon and facilities have been combined with Vern Gilbert Co., adding Balboa and St. Paul Mutual markets.

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Yount Eyes Challenges To Survival Of The Insurance Industry

(CONTINUED FROM PAGE 13)

tion. There are some segments of the population which wish that this could be done now. Organized labor groups seek to socialize the WC system, first at the state level and, perhaps, ultimately at the federal level.

Noting that where there is no business except government business there is no business insurance, Mr. Yount observed that where the individual accumulates nothing because he is the protected and secure creature of the state from the cradle to the grave he needs no insurance.

Not Large Business

Insurance as a business is not large in terms of measures of size commonly accepted, he said. It takes less than 3% of the annual income, some \$14 billion. Perhaps less than 1½% of those gainfully employed in the U.S. are occupied in performing its services. The importance of the business lies not in size but in the economic value inherent in its function—collecting from the many to minimize the economic loss of the few. It lies in the replacement of uncertainty with certainty through the reduction in accidents or diminution of economic loss to the individual or corporation when disaster strikes.

The business exists by virtue of permissive legislation. What it can do and where it can do it are subject to charter or license. The matters important to healthy growth and survival involve connection with the state and federal government. It is only the government that can cut back the franchise of the industry as a whole. How long will it be permitted to serve the public? What ingredients contribute to its viability? What practices impair it? These are matters of paramount importance.

Needs Must Be Satisfied

Mr. Yount believes survival ultimately depends upon the capacity of the business to satisfy public needs and to satisfy them so completely and so well that the elected representatives of its customers are not incessantly groping for other approaches. For the long pull the business must increase its usefulness in meeting public needs. Until the increase is real, continuing, and well established, and well understood by both its customers and the public recipients of the benefits which it supplies, public relations programs are apt to have an apologetic odor to outsiders.

The public does not consist solely of customers. It also consists of claimants, he said. The end product of the

product is the welfare of the people for whom it provides insurance and insurance benefits. There are human as well as dollar values in the product. The business must perform its function so that it commands the continued respect of legislators, who have the power to impair its functions even to the point of putting it out of business.

The increase in the demand for protection against economic loss is one of the phenomena of the economy as well as the increase in the amount of protection needed. The demand for increased security in almost every phase of living has moved inexorably forward during 30 years.

More Wealth Per Person

The increase in population and in productivity has resulted in the accumulation of more tangible personal wealth per person than anywhere else in the world. This productivity has been accomplished by an increase in the productive values of machines and utilization of power in manufacturing and distribution systems which in themselves produce additional needs for protection. The increase in values requiring protection, the concentrations of populations, and the changes in mass transportation have produced increasing catastrophe hazards which affect the insurance market.

Industrial plant losses from fire in excess of \$100 million and hurricane losses of \$1 billion or more are possible. Air transportation may produce a single direct loss from passengers and plane 15 or 20 times as great as with the DC-3 of 25 years ago.

Inferior risks present a problem. If the business can't find means of insuring blighted areas and small residences, other means will be found of providing the protection.

Mr. Yount also believes that the business cannot place itself in the po-

sition of depriving people of their livelihood through the refusal to provide insurance to undesirable drivers or owners. This is a police function which insurance simply cannot afford to attempt to assume, although there is an obligation to help authorities eliminate improper drivers from the highways.

Will Probably Find Means

As to hazards which the business will not insure at all, if the potential for loss exists and the demand for protection against it exists, a means probably will be found to satisfy it.

Does vigorous price competition actually take care of the needs of all segments of the market? Mr. Yount doesn't think so. When price competition gets too vigorous there is a tendency to cut down on coverage or to sell less than needed. It is entirely possible that where pricing is too thin through competitive pressure there is a resulting pressure on claimants. This has certainly been the case from time to time in A&S and perhaps occasionally in automobile insurance.

This is not to dispute the role of competition in the economy, he said, but to suggest that competition can-

not solve all of the problems of the business. For example, workmen's compensation insurance provides lifetime benefits for certain types of injuries at the benefit scale prevalent at the time of injury. A monopolistic state fund or the social security board finds no difficulty updating such benefits to prevailing price levels. But a group of competing private insurers has some difficulty in finding methods of financing such updating.

Difficulty With Disabilities

The business had some difficulty in taking care of disabilities such as the gradual emergence of occupational diseases which do not identify themselves with any specific point in time. Under a state or federal monopoly such disabilities present no problem. Also, medical care for the aged poses a problem for which the private competitive system has not been effective in offering any real solution.

The response to such problems must be more realistic than it has been in the past, he said. It has been the practice when encountering a public need which the business can't easily satisfy with its existing structure to first take the position of telling the public the need shouldn't exist. WC benefits which do not fit easily

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into rating and underwriting habits have been opposed as unconstitutional contrary to original legal intent, or unnecessary. The business has opposed socialized medical care for the aged by suggesting that it should be handled on a welfare basis for those who can't afford to buy what the industry has to offer. Neither of these views is particularly realistic under today's conditions, especially as related to the major medical problems of the elderly. The business could find means of handling most normal medical problems with the time and the

will to do it. Competitive theory has not proved a total solution.

Also, he said, the business too often thinks of competition solely in terms of financial matters. Perhaps public acceptance requires of competition a much greater degree of the cooperation to prevent loss. Much more of this needs to be done industry-wide rather than on a competitive basis.

Legislation Is End Product

Legislation is the end product of changing popular attitudes, demands for change, investigation and finally

action. It is imperative that the business recognize early changes in the temper and attitudes of the public, he said.

The social outlook with respect to the problem of automobile injuries is in process of change. There is general recognition that the automobile is a dangerous instrument and that its owner and user should be financially responsible. Some form of compulsion has existed in the automobile field 45 years. For 25 years interstate trucking has been compulsory. More recently there has been agitation with respect to the negligence system and the delays and inequities which appear to result. A possible compensation system is under study. Many fear such a movement as a further impetus to the socializing of the business. But these are symptoms of dissatisfaction with the present system.

Volunteered For Auto

The insurance business has insisted that it be the chosen instrument for dealing with the financial aspects of the automobile accidents. It volunteered. The volunteering may have been defensive, but it has been clearly expressed whenever legislative discussions wandered into the state fund areas.

The social pressures in automobile are multiplying. The business is under pressure to insure literally everyone but freedom of contract is gradually being impaired through restriction of rights of cancellation and renewal. Compulsory uninsured motorist coverage gradually is forcing customers to pay for the irresponsible uninsured segments of the market which damage them. There are pressures for state agencies, including state administered funds for compensating for damages caused by irresponsible insured. There are pressures for state insolvency funds whereby the well-managed and successful company will pay for the losses of the insolvent. Though these social notions run contrary to deep instincts and desires, they must be dealt with.

Government Dilemma

A centralized bureau does best in disbursing simple formula benefits that require no discretionary judgment and no evaluation of anyone else's judgment. Death and survival benefits can fall rather easily into this category. Medical care and disability benefits, from whatever cause, do not. This illustrates the dilemma of government.

What expert services can competitive insurers contribute? he asked. Claim and underwriting departments of fire and casualty companies are designed to handle volumes of discretionary judgments. These are instrumentalities for handling things that can't be reduced to clerical formulae. The manager has a maximum range of freedom. He delegates some but not all of it to his first layer of subordinates. They in turn delegate some to the layer under them.

Had Years Of Experience

The business is expert at mobilizing and organizing human judgment. It has had years of experience in arranging things so that judgments of progressively greater weight and difficulty are made by men of progressively greater experience and capacity. This is a facility that civil service bureaucracy finds difficulty in matching. There should be an enormous market for this capacity to mobilize human judgment.

The business can recognize the

human values in its operations by greatly intensifying efforts to prevent and ameliorate loss. Within the industry is a great array of accident prevention experts. It has done an outstanding job in the field of industrial accidents—and needs to expand this effort to all types of accidents. It needs to expand its works in highway safety and in rehabilitation medicine. Rehabilitation technique should be expanded into group A&S and major medical.

Mr. Yount believes the imagination and intelligence of the management organizations in insurance represent a capacity for leadership to meet the challenges to survival. It needs to be mobilized. He warned against becoming so enamored with merchandising policies and selective underwriting that it overlooks their impact on the business as a whole. Too much preoccupation with management methods and procedures, computers and mechanization, may result in even more inflexible procedures than in the past.

Methods of collective industry action and programming need reexamination, he said.

The first choice for the business is to be permitted to continue what it has been doing. The last choice is to have the business taken away.

Royal-Globe Appoints

Royal-Globe has named Harold G. Holst casualty special representative for northern New York, with headquarters at Syracuse. He has been with Royal-Globe since 1946.

Earl L. Griffith, with the company since 1954, has been advanced from bond special representative at San Antonio to bond superintendent there.

New WIIS Toastmasters Club

Utah Toastmasters Club, the second such club within the year, has been organized by Western Insurance Information Service. The first unit was chartered at Los Angeles in 1960.

Members of the Utah group, also active members of the WIIS Utah Speakers Bureau, met at Salt Lake City to elect officers. W. Dee Thomas, Salt Lake agent, is president; Charles R. Shepley, Fireman's Fund, administrative vice-president; James Allen, Scott Wetzel Co., educational vice-president; Richard Anderson, General of Seattle, secretary; Victor Ash, Northwestern Mutual, treasurer.

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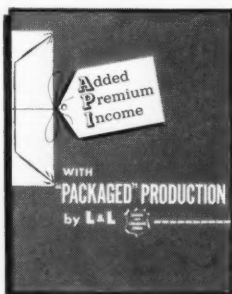


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Fire Investigation At Miami To Cover Subrogation Area

University of Miami's annual fire investigation and subrogation seminar will be conducted Nov. 26-Dec. 1 at Miami Beach with headquarters at the Carillon Hotel. This is the only national program of its type to emphasize subrogation. Thirty speakers will be heard throughout the five days of meetings.

Enrollments are invited from insurance personnel, investigators, adjusters, fire marshals, police officers, industrial security personnel, attorneys and others associated with fire investigations and subrogation.

All aspects of fire investigation and subrogation will be covered. Dr. Dan Steinhoff Jr., dean of adult education at the University of Miami, is director of the seminar.

Skoglund To Manage New Unit Of Brown & Sons

Erik H. Skoglund has been named to manage a new engineering department of George F. Brown & Sons, Chicago. Mr. Skoglund has been chief fire engineer of Associated Agencies, Chicago.



Erik H. Skoglund

Peek To New NAMIA Post

Harold B. Peek, Ridgefield, N. J., has been appointed to the newly created post of membership director of National Assn. of Mutual Insurance Agents.

Mr. Peek, who holds a master's degree in business administration from George Washington University, has been a first lieutenant in the air force in which he was active in manpower management, personnel and finance.

Gains For Republic-Franklin

Republic-Franklin of Columbus had net income for the first six months of 1961 of \$78,289. The directors declared a dividend of 10 cents per share on class A common stock and 50 cents per share on class B common payable Aug. 30 to stock of record Aug. 12.

Republic-Franklin showed an increase of \$108,654 in direct premiums written for the six months compared with the same period last year. Surplus rose to \$2,053,858, an increase of \$37,365 since Dec. 31, 1960.

In the past six months, the loss ratio rose from 42.9% on Dec. 31 to 52.1% as of June 30.

Adjuster Has Retirement Plan

Orange Coast Adjusters of Los Angeles, which is headed by Harold E. Hardies and James L. Pritchard, has set up a retirement plan for employees that includes the secretarial and clerical division in the home office and the four branches. The company also provides group life insurance and major medical.

Zurich Completes Its Move To New Quarters In Chicago's Loop

Zurich has completed its long-awaited move from 135 South LaSalle Street to 111 West Jackson Boulevard, Chicago.

The offices of the Chicago branch are located on the 14th floor, while the head office occupies the 16th through the 20th floors of the new LaSalle-Jackson Building.

The move began, department by department, Aug. 25. The operation was conducted piecemeal because of delays in the building's completion. As fast as each floor was completed, the departments located for that floor were moved in.

Zurich was a tenant of the Field Building, 135 South LaSalle Street, for 25 years—its largest tenant. But expansion needs required greater area than that building was able to provide, and for several years a number of Zurich's departments were housed outside the headquarters building. The move brings all departments together under the same roof in Chicago's newest Loop office building.

Brown Bros. Names Bowen

Jack Bowen has been appointed manager of the Santa Ana office of Brown Brothers Adjusters. Mr. Bowen has been in adjusting for 11 years, for six years at the Long Beach office of Brown Brothers.

New York University's management institute is conducting for non data processing executives a 12 session seminar, beginning Sept. 27, on the principles and applications of electronic data processing.

Gov. Tawes of Maryland has ordered his state's insurance department to evaluate for possible adoption the companies' voluntary plan for restriction of auto cancellations introduced early this year in New York.

John H. Hunt & Co., insurance investigators and adjusters, Chicago, has moved its main office to 5771 Lincoln Avenue there. All phones are now 561-6972.

A REAL OPPORTUNITY

exists for a man with a sound knowledge of fire and casualty insurance who has about five years experience as a casualty underwriter.

The man selected will join State Farm Fire and Casualty Company as an assistant underwriting superintendent in its Midwest Office at Bloomington, Ill. He should be qualified to advance to a higher job level soon and also should be willing to transfer later if necessary. Good initial salary, with exact level determined by the individual's qualifications.

Send detailed resume to:
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WANTED: Experienced Insurance Solicitor. One of Mississippi's largest Mutual Agencies is seeking a man with at least 8 years experience in mutual agencies or companies, experienced in handling all types coverage including large lines. Unusual company benefits. Excellent future. Salary open. Write A-88, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

Underwriting Manager — So. East

Substantial life company seeks fire and casualty underwriter. Multiple lines or personal lines. 5-15 years experience in independent or direct writing company. Pleasant mid-south city under 150,000 population. Write A-87, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

WANT ADS

Rates—\$25 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing "Situation Wanted" ads are requested to make payment in advance.

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Large Multiple Line Stock Company writing nationwide offers following positions: Automobile Underwriter thoroughly familiar with current private passenger programs for Chicago Home Office; Automobile Underwriting Manager at Los Angeles branch; Automobile Claims Manager and two Auto Adjusters, also at Los Angeles. Write A-94, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

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Long established fire and casualty company operating in Md., Va., D.C. seeks aggressive sales minded underwriter for position of corporate managing director. Must have thorough standard and surplus lines experience, underwriting (non auto) and broker sales promotion. Should be C.P.C.U. with management ability for potential company president appointment. Send complete resume in confidence to A-89, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Must be established insurance agent or agency with contacts, knowledge and selling experience of finance insurance coverages to represent leading U. S. company group in Illinois and Midwest area. If you are interested in HIGH 5 OR 6 FIGURE EARNINGS, telephone Thompson, FR 3-8664 or write P. O. Box 4980, Miami 32, Florida.

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Minimum of 5 years experience required. Opening is in Home Office underwriting staff. Location: Ohio. Great opportunity for a ground-floor association with an expanding fidelity and surety operation. Write A-69, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

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Experienced man with broad knowledge of Fire business, particularly in mid-west, southern and New England areas, for fastest growing department in an aggressive multiple-line company located in middle west. Exceptional opportunity for right man. Write A-74, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

INSURANCE ACCOUNTANT

Management opening for young, ambitious accountant with experience in all phases of insurance accounting, including statements. Middle west location. Send resume in confidence to A-75, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

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In Western Ohio, Local General Insurance Agency, approx. \$150,000 annual volume—Clean—well established—approx. 35% auto and 65% other. Price—1 1/2 One Year Commissions plus equipment book value—Agency located in city of approx. 10,000—Can be partially financed. Write A-80, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

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Leading multiple line stock company has a challenging opportunity for a top, aggressive field supervisor with proven casualty and surety production ability. Will supervise staff of three production men in Metropolitan San Francisco-Bay Area. Good employee benefits. Salary open. Send resume to A-70, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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President, general manager of auto specialty company thirteen years, now sold. CPCU, age 43. Heaviest experience in sales, underwriting, but good background in all phases. Write A-44, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

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Leading fire and allied company has real opportunity for fieldmen to supervise portion of Michigan and Ohio. Please give information and references. Unusually good opening for right person. Write A-59, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

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N. J. Agents' Main Desire Is Freedom Of Contact Bill

(CONTINUED FROM PAGE 1)

each year by the businesslike conduct of the affair and by the blandishments of this resort.

Robert W. Hutchison, Vineland, was named president to succeed Mr. Ryan. Karl Weidel III, Trenton, became chairman of the executive committee and first in line for the top post. John S. Sheiry, Bridgeton, was re-named state national director, and Charles J. Unger, indefatigable executive secretary, was assured by his reelection of another year of hard work in the agents' behalf.

Cites Loss Record

Mr. Barry mauled the New Jersey Fire Rating Organization for accepting the "dictation" of Inter-Regional Insurance Conference in the use of the public and institutional form which provides, according to Mr. Barry, an average of 28% reduction in rate. He decried the \$100 deductible as a justification for such a rate cut and produced figures on classes in New Jersey which would fall under PIP.

For the five years ending 1959—to which Mr. Barry added latest avail-

able figures for written premiums and losses paid in 1960—on frame protected churches and chapels the loss ratio was near 55%, and on brick protected structures the ratio was 70%. On brick protected educational institutions, the ratio was 78% and on fire resistive buildings in this class it was 62%. If companies are to make a reasonable profit in New Jersey, some other classes have to make up for these losses. There is another way, however, Mr. Barry said. That is to convince agents that the PIP program calls for lower commissions.

He referred to statements by other company executives that the expected reduction in expense has never materialized in the case of package policies. Mr. Barry therefore anticipates continued underwriting losses.

Prescribes Cure

He advanced his familiar formula to cure current ills. He is against deviations, and for participating policies and dividends, the latter to be approved by supervisory officials who will determine that profit has been made and not merely anticipated. Mr. Barry

went further and supported the New Jersey agents' quest for passage of a freedom of contract law like Barrett-Russo in New York. He also urged amendment of New Jersey's Ramsey act, which provides for uniform commissions. This was passed before extended coverage was ever heard of, Mr. Barry said, and only applies to fire. He suggests amendments to make it cover all lines. Mr. Barry made it clear that getting freedom of contract legislation and amending the Ramsey act would only be stop-gaps. The ideal solution lies in his formula, he declared.

John Stevens, Bloomfield, legislative committee chairman, traced the path of the freedom of contract bill through the legislature to the latter's revision and amendment of law committee. He said that the association continues to make every effort to have its members as well as mutual agents and broker association members contact legislators to bring the bill out of committee for a vote. He feels that the measure has a reasonably good chance of passing late this year.

United Front

Another area of hope was touched on by Edwin M. Rothberg, Plainfield, casualty committee chairman. He said that the association mutual agents and the brokers association have formed a united front on legislation to permit commissions on assigned workmen's compensation business. The permissive amendment to the insurance law is in committee but Mr. Rothberg is optimistic about action in the near future.

He complimented National Bureau on its "plan B" for use of uniform rates by all insurers on auto AR business. In today's market—with the use of merits and demerits and/or the old schedule surcharges—the plan would be most attractive. It would provide at least one segment of the auto business on which agents could quote a definite cost, Mr. Rothberg said.

The association's Road Aid program under William J. Doyle, managing director, continues to be one of its soundest accomplishments. Mr. Doyle reported that in the past year member agents supporting the plan have grown from 632 to 684, insured subscribers have increased from 85,000 to 90,000 and emergency service stations from 410 to 430.

In the past year, 7,463 subscribers requested service. New Jersey Road Aid has made an agreement with Independent Insurance Agents & Brokers Assn. of Philadelphia and Suburbs to extend the operation into that area

and to make the service available to members. This could be the start of a move to establish the program along the entire east coast, Mr. Doyle observed.

Arthur C. Dannecker Jr., advertising and public relations director Ohio Farmers, a tireless convention circuit rider on the theme of establishing a commendable image of the independent agent, emphasized the importance of projecting for public understanding a clear picture of the agent's function and performance in his community.

Essex County took the Wilson Cup for outstanding performance by a local board. Bergen and Hudson counties were the runners-up, in that order.

Chicago-Milwaukee Surety Men To Compete At Golf

Surety Underwriters Assn. of Chicago and Surety Underwriters of Milwaukee will hold their Chicago-Milwaukee fall golf outing Sept. 26 at Elmhurst (Ill.) Country Club. The day will feature a buffet luncheon and steak dinner, as well as cards and prizes. Reservation requests should be sent to James T. Burke, New Amsterdam Casualty, 175 West Jackson Boulevard, Chicago.

Vermont Program Ready

A timely and wide ranging card has been arranged for the annual meeting of Vermont Assn. of Insurance Agents Sept. 18-19 at Woodstock.

George J. Cleary of the agency department of Aetna Casualty will be the opening speaker with a discussion on prospective developments "tomorrow." T. Winston Keating, Claremont, N.J., agent and former president of the New Hampshire association, will analyze agency management and survival. William H. Welch Jr., accident department of Connecticut General Life, will speak on accident insurance and the general lines agent.

A panel, moderated by William N. Woodland, executive vice-president of Mutual Fire Insurance Assn. of New England, will deal with agency problems, prior approval, homeowners, uniform assigned risk plan, merit rating and other subjects.

Commissioner Pingree of Vermont will speak at the banquet.

St. Paul Agents Elect

New officers of Independent Insurance Agents Assn. of St. Paul are Howard Overmann, president; Arthur Angvik, vice-president, and C. I. Cypar, secretary-treasurer and counsel.

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Gives Agent's Views On Several Issues

(CONTINUED FROM PAGE 7)

brought about by give-away coverage in package contracts, unusual weather cycles, or what-not, all insurers are getting more selective in underwriting and are drastically reducing the amounts of commitment in many classes.

14 To Five To Nine

Over a period of years, through the acquisition of several agencies and friendship for several fine and capable field men, I accumulated 14 fire companies without a sufficient premium volume to justify them all. With a view to saving expenses for the companies and myself, and to giving each a more worth-while volume, we went through the painful process of resigning a number of our agency agreements, reducing our fire companies to five. This lasted for just six months. At that point several companies changed their underwriting attitudes. Some reduced commitments, and we found ourselves short of capacity. So we started to add more fire companies. At present we represent nine of them, which is somewhat under the national average for our volume. These companies have combined total admitted assets of \$2 billion, earned premiums in 1960 of \$950 million. Yet in my little two-man agency in a class 4 city, we have several normal accounts which this great aggregation of insurance capital cannot absorb, and portions of which we are compelled to broker.

Needs More Casualty Markets

While our major casualty company has been a multiple line insurer for many years, we have a number of commercial accounts that have certain special requirements, and we have had to find other casualty markets for their needs.

After comparing notes with other agents in Ohio and across the country, I find our experience differs only in detail, not in the general problem. Until such time as the entire fire insurance business modernizes its methods of handling problems of capacity, reinsurance, rating, and underwriting, substantially reducing the number of companies in a successful agency will remain impractical. Any one company in a multi-company agency which claims it can reduce that agency's expense with its direct billings and long term policy simply isn't facing up to the facts of life.

If the companies have any interest in recapturing their rapport with agents and repairing the breakdown in communications, let's rediscover basic principles and start telling each other the truth.

Management of traditional insurers are guilty of two mistakes. They adopt the premise that the independent agent's share of the premium is "acquisition cost" when it really is acquisition-plus-servicing-for-the-life-of-the-policy-cost. Then in an attempt to meet mass market price, they reduce the agent's share to or near the level

of the one-company agent's selling commission, but expect the agent to continue to hold the fort for the full term of the policy. They can't successfully imitate only part of a system. They can't have all of the advantages of the fixed cost of sales-and-service of the agency system at the same price that the captive agency system pays for sales only.

The second error is the effort to mass merchandise insurance in imita-

tion of the merchandising of many tangible products. The truth is that a great deal of the advertising that promotes merchandise is over-stated and exaggerated, but what about insurance, the great intangible that is sold and bought on faith? Are we supposed to hope that the public won't become educated to the broad possibilities of claims?

Discount House Folds

My office writes a number of bankruptcy and receivers' bonds, and frequently short-term fire and liability

coverages for the receivers. Last week we were asked to bond the receiver for one of our large local discount stores. The receiver needed some other insurance, so we went out to inspect the premises. This enterprise had made quite a splash over a few months, advertising heavily in the newspapers and on TV and radio. Across the front of the building at the roof line was a huge sign stating "We will not be undersold!" The front door was locked and posted in the window was the bankruptcy notice and the sheriff's order to close.



REINSURANCE

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Great American Names

Blanch On West Coast

Great American has named Robert H. Blanch superintendent of fire underwriting for the Pacific department to succeed C. V. Templeton, who has retired. Mr. Templeton will continue with the company as direct assistant to the officer in charge of property underwriting. Mr. Blanch joined Great American in 1960 after 15 years' experience in fire underwriting.

NORTH AMERICAN REINSURANCE CORPORATION

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Editorial Comment

Round Figure Figuring

In connection with the proposal, made by a committee of American Insurance Assn., that the fire and casualty insurance business adopt centless accounting, a news item from Africa is of interest. There African Guarantee & Indemnity Co. has introduced in Rhodesia and Bechuanaland a full

cover automobile policy on which the premiums are in pounds, without shillings and pence. The recommendation in this country is to compute premiums in dollars and to report statistics in the annual statement without the cents. The savings would be very substantial.—K.O.F.

The Conflict Of Interest Interrogatory

An interrogatory on "conflict of interest" will be included in the annual statement blank for all insurers beginning next year. The question is: "Has the company an established procedure for disclosure to directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees which is in or is likely to conflict with the official duties of such person?"

While this does not go so far as to prescribe a "code of ethics," it comes close to it. Fire and casualty insurers are setting up "procedures" in order to comply with the interrogatory next year. In this connection, Prudential, the life and A&S insurer of Newark, has prepared and publicized a detailed code of ethics. While much of it is not applicable to the fire and casualty company operation because the latter is not in the day-to-day business of making loans of very large sums of money, nevertheless several points in the Prudential code would be applicable.

For example, the Prudential statement on conflicts of interest prescribes that certain officers and employees shall not be directors, officers, associates, or partners of other business enterprises operated for profit, or occupy any other position with such an outside business enterprise which involves any responsibility for or influence in the management—without first securing permission of directors. One division

named is the home office buildings and plant department. In a fire and casualty insurer, if anyone influencing the purchase of supplies and equipment, or contracting for construction, had an ownership interest in a supplier, equipment maker, or contracting firm, he might be regarded as having established a situation which could lead to a conflict of interest.

Prudential's rules ban the acceptance of gifts, gratuities, or favors from person, firm, or corporation doing business with the company or seeking to do it. Normal exchange of hospitality or reciprocal gift exchanges of a personal nature are exempt from the rule. (Most insurance departments, we understand, have strict rules against the acceptance by department personnel of gratuities from insurance representatives.)

Whether the fire and casualty company managements will feel as strongly as Prudential about ownership of stock in competing companies remains to be seen. But Prudential management regards this as "an obvious conflict of interest in most organizations." Consequently, it adopted the rule that "no officer or employee of the company at or above the 2nd vice-president level shall directly or indirectly acquire as an investment any stock in an insurance company writing life and A&S insurance."

A fifth rule adopted by Prudential also would have general application to any insurer. That one requires of-

ficers, down through assistant treasurer, to disclose to the executive committee at once any loan from a bank which is, or is being considered for approval as, a depository for the funds of the company. Here the company plans an annual questionnaire that will disclose any unsecured indebtedness of an officer or employee in excess of three months of salary.

One conflict that could arise in fire and casualty in these times of combination and merger is if an officer of a company negotiating to purchase another insurer were to go out and trade heavily in the shares of the company being purchased.

From long observation, we judge the ethical standard and conduct of those responsible for the management of American insurance companies to be, in general, well above the average of American commercial enterprise.—K.O.F.

endum Assn. that repealed a Montana law requiring all political subdivisions to carry fire and other coverages in the state fund. For many years he has supplied THE NATIONAL UNDERWRITER with insurance news from his state.

Deaths

HOLLIS L. BROWNELL, 48, assistant secretary of Sterling Offices, died at his home in Hohokus, N. J., while preparing for a trip to return his son to college at Canton, N. Y., and for a vacation in his native city of Potsdam, N. Y.

HENRY F. COOPER, 81, a co-founder of Farmers Mutual Liability of Indianapolis, predecessor of Meridian Mutual, died. He was claims supervisor and assistant secretary of Farmers Mutual Liability when he retired in 1948.

HORACE M. DYER, 67, who operated a local agency in Commerce, Tex., for 31 years, died after a long illness.

SAM D. DANIELL, for many years state agent in Alabama for National Union and later for Pacific National, died in Bradenton, Fla. He retired two years ago.

WALTER H. FOWLER, former vice-president of Marsh & McLennan in New York, died in Miami Shores, Fla., where he moved when he retired in 1955. He joined Marsh & McLennan in 1939.

Mrs. HJALMAR HJERMSTAD, whose husband is president of Citizens Fund Mutual Fire and Citizens Fund Mutual Casualty of Red Wing, Minn., was killed in a fall on the basement steps of their home.

ROBERT F. NOLAND, Davenport agent and treasurer-elect of Iowa Assn. of Independent Agents, died in a boating accident on the Mississippi.

WALLACE SHUTTLEWORTH, 42, Indianola, Miss., agent, died there of an apparent heart attack.

WALTER G. HARTLEY Sr., 59, Dallas agent, died in a hospital there after a short illness. He had been in the business since 1919.

GEORGE TRAVNIKAR, Cleveland agent and a member of Cleveland Board for 15 years, died of a heart attack.

HOWARD HILDEBRAND, 67, of the agency bearing his name in Berea, O., died while visiting his daughter in Denver. He and his wife were on the first leg of a trip through the west. Before opening his own agency eight years ago, he had been with Sun Life of Canada 35 years.

KEENE WILLIAMS, 52, local agent at Tompkinsville, Ky., died of a heart attack.

B. F. ADAMS, general agent of Mobile, Ala., died there after a long illness.

HERMAN BARTHOLOMAY Sr., 76, a partner of Bartholomay & Clarkson agency, Chicago, died. In the insurance business 51 years, in 1910 he and his brother, William B. Jr., formed Bartholomay Bros. agency. About 1920, Ira C. Darling became a member of the agency, the name being changed to Bartholomay-Darling. In 1936, John L. Clarkson joined the agency, which became Bartholomay, Darling & Clarkson. Two years later on the retirement of Mr. Darling, the agency took its present name. William Bartholomay is still with the agency, and Herman Bartholomay Jr. is now a

Personals

William O. Bailey, assistant vice-president of Aetna Casualty at the head office, and Mrs. Bailey are the parents of a baby daughter.

William J. Laadt of Laadt & Co. metropolitan supervising agency, Chicago, is leaving Oct. 1 for a two-month vacation in Italy, Greece and Turkey.

Lloyd W. Brown, who retired as vice-president of America Fore Loyalty group last April and since has been investigating climatic conditions in the south before moving permanently from Chicago, has decided on Beaufort, S. C., and is in the process of moving there.

F. J. Sullivan, who was honored on his retirement as assistant manager of Montana Fire Rating Bureau at the annual convention of Montana Assn. of Insurance Agents, has been in the business since 1916, when he joined Pacific Board. He was a stenographer and later chief of the examining and surveying department. He was named assistant manager in 1945. He is prominent in the Montana pond of Blue Goose and has been a deputy grand gander at large and deputy loyal grand gander for eastern Washington, Montana, Utah and Idaho. Mr. Sullivan managed the State Insurance Refer-

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ber. He is currently president of Chicago Board of Underwriters. Another son, Robert, was formerly with the agency but is no longer in the insurance business.

Cravens, Dargan Has Schools On Tex. Farm, Ranch Owners Policy

Cravens, Dargan & Co., insurance managers of Houston, has begun a series of special schools for its agents on the new Texas farm and ranch owners policy.

The schools will be conducted at Wichita Falls, Amarillo, Lubbock, Abilene, Midland, Harlingen, Corpus Christi, San Antonio, Austin, Tyler, Waco, College Station and Houston.

Participating in the schools from the home office are A. A. Raines, production manager; W. G. West, crop hail department manager, and Mrs. Ethel Bennett, farm and ranch manager.

Mich. Teetotalers Back Stiff Liquor Liability

Spokesmen for Michigan Temperance Foundation urged retention of the present requirements governing liability of liquor licensees at a hearing conducted in Lansing by the Michigan department. The foundation argues that licensees enjoy special privileges and should accept special responsibilities for the public's protection.

Insurance representatives and Michigan Table Top Congress, composed of liquor licensees, contend that the present law is unreasonable. They maintain that it has created exorbitant judgments and operated inequitably.

Commissioner Blackford of Michigan arranged the hearing in connection with a study of the law made by a special committee he designated after Gov. Swainson vetoed a 1961 act which would have eased the risk of liability.

The act would have narrowed liability for wrongful acts arising from intoxication to the vendor's establishment where it could be shown that the patron became intoxicated. At present, all places frequented by the patron could be held liable. Blanket suits naming many defendants have been successfully carried through to judgment.

It was brought out at the hearing that 5,135 licensees paid approximately \$500,000 in premiums during 1960. In 1961, about the same number have so far paid premiums totaling more than \$1,300,000.

Wyo. AR Plan Reports

Wyoming Automobile Assigned Risk Plan in the year ending June 30, 1961, received 2,959 new and renewal applications, according to the report of Manager R. G. Shurtleff.

Of the applications, 1,186 were new and 1,773 were renewal. Policies were issued to 1,112 of the new applications and 1,005 renewals. Of the 842 remaining applications, 26 were rejected by the plan for cause, 91 by the companies, 768 were not taken by applicants, and 29 applications were dropped.

Six appeals went to the governing committee in the year, with one objection sustained, two overruled and three otherwise disposed of.

The leading auto BI writers in Wyoming, on the basis of 1959 premiums, are State Farm Mutual Auto, Wyoming Farm Bureau Mutual, Hawkeye-Security, Farmers Exchange and American Casualty.

Loss Men Ready Ahead Of Time For Texas Hurricane

(CONTINUED FROM PAGE 1)

ingly high tides that flooded many areas. This is not ordinarily insured. There will be some touchy loss adjustments here, because the wind did its share of damage too.

Losses on the coast will not be settled in a hurry. Adjusters won't be able to get about in the areas worst effected by water damage because communications and other services aren't functioning. Boats and property near the shore are covered with slime and ooze. It will take time to determine just what the damages are.

Insurance Stocks Dip On Hurricane Approach

Anticipating the impact of the 172 m.p.h. winds of Hurricane Carla, a number of actively traded fire-casualty stocks had their worst day in recent months on Monday, dropping an average of 7.1% from Friday's close. The Standard & Poor's average for leading stocks of all types was off .9%.

A list of 13 companies, made up by William B. O'Connor, trader at Shelby Cullom Davis & Co., New York, showed a drop of \$269 million in total market value of insurance stocks at their worst points on Monday and Tuesday. Prices firmed slightly on Tuesday despite reports of trouble in Galveston from tornadoes that sprouted in the hurricane's wake.

One observer of the insurance stock scene said that stockholder reactions varied more or less independently of the actual extent a given company is committed in the area of destruction.

American Off 10.6%

American was off 10.6% closely followed by Aetna Fire, off 10.5%. North America, on the American Exchange, at 101. Predominantly fire companies, stood alone on the list as being unhurt like Fireman's Fund (off 8.4%) and Phoenix of Hartford (off 8.2%) helped lead the parade.

Mr. O'Connor's list, giving the low bid during Monday and Tuesday and the percentage decline, was as follows: Aetna Fire 107 (10.5); Federal 67 (4.3); American 27½ (10.6); Boston 37 (7.0); Fireman's Fund 57½ (8.4); Great American 55 (4.8); Hartford Fire 80 (7.0); Home 60½ (7.3); Continental 60½ (8.5); North America 101 (unchanged); Northern of New York 44 (7.9); Phoenix of Hartford 112 (8.2); and Springfield 39 (8.2).

Other stocks, traded less often, were being lowered on the bid side by the traders even when there had been no transactions.

Fire and casualty issues quieted down by Tuesday's close. American rose 1½ to 28½. Unchanged were Fireman's Fund, Home and Springfield.

Mich. Mutuals Merge

Lenawee Mutual of Adrian, Mich., and Southeastern Mutual of Detroit have merged under the latter name with the headquarters in Detroit.

The companies are former farm mutuals that became general mutuals in 1959. Lenawee was organized 99 years ago and Southeastern Mutual 98 years ago.

President of the combined company will be Harold A. Strayer; vice-presidents, R. E. Clapper and C. W. Cook; secretary-treasurer, H. W. Hachman, and general manager, Robert M. Henry.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co., 135 S. LaSalle St., Chicago, Sept. 12, 1961

| | Bid | Asked |
|-------------------------------|------|-------|
| Aetna Casualty | 143 | Bid |
| Aetna Fire | 108 | 114 |
| American Equitable | 21 | 22½ |
| American, Newark | 27½ | 29 |
| American Motorists | 26½ | 28½ |
| Boston | 37 | 38½ |
| Continental Casualty | 108 | 111 |
| Crum & Forster | 53½ | 55½ |
| Federal | 68½ | 70 |
| Fireman's Fund | 58 | 60 |
| General Re. | 170 | 180 |
| Glens Falls | 41 | 42½ |
| Great American | 55½ | 57 |
| Hartford Fire | 81 | 83 |
| Hanover | 44½ | 46 |
| Home of N. Y. | 61½ | 63 |
| Ins. Co. of No. America | 102 | 104 |
| Jersey Ins. | 36 | 37½ |
| Maryland Casualty | 42½ | 43½ |
| National Fire | 145 | Bid |
| National Union | 44 | 46 |
| New Hampshire | 60½ | 63 |
| North River | 43½ | 45 |
| Ohio Casualty | 28½ | 30 |
| Phoenix, Conn. | 113 | 118 |
| Prov. Wash. | 22½ | 23½ |
| Reins. Corp. of N.Y. | 23½ | 25½ |
| Reliance | 62 | 64 |
| St. Paul F. & M. | 84½ | 86½ |
| Springfield F. & M. | 39½ | 41 |
| Travelers | 138½ | 140 |
| U. S. F. & G. | 61 | 63 |
| U. S. Fire | 35 | 38 |

Less Than 50% Able To Pass Ind. Exam.

Persons hopeful of becoming insurance agents in Indiana are not having as much luck passing the licensing examination as formerly. The new commissioner, Harry E. McClain, who took office last year, suspended the examination procedure in order to write up some new questions and otherwise revamp the licensing system.

Since examinations have been resumed, less than 50% of the applicants have passed the test—149 of 322 for the general examination, or only 46.2%. Only 37.3% of applicants for A&S licenses have passed, 223 out of 576.

In the old days, the passing average exceeded 85%.

New Holiday Safety Kit

National Board has prepared "Tree Trimming with a Twist," a program kit for women's clubs, describing how to plan and carry out a Christmas and holiday fire safety program.

This is the third in a series of programs prepared by the board for women's organizations. The first, "Blueprint for Protection," details fundamentals of home fire prevention, and the other, "Senior Citizens and Fire Safety," concerns precautions for persons 65 and over. The kits are available on a one to a club basis from board offices in New York, Chicago and San Francisco.

Ratcliffe To College Post

Davis T. Ratcliffe, who has been senior instructor of the school of Insurance Society of New York, has joined the faculty of Mohawk Valley Technical Institute, Utica, N. Y., as instructor in the banking, insurance and real estate department.

Mr. Ratcliffe's insurance experience has been in underwriting and in education. He was with Fidelity & Casualty, Maryland Casualty, and New Amsterdam Casualty, in charge of educational activities for the two latter companies. He joined the society in 1956.

Wis. Agents' Assn. Completes Program For 62nd Annual Meeting

In addition to the first-day speakers announced in last week's issue, complete details are now available for the annual convention of Wisconsin Assn. of Insurance Agents, Hotel Schroeder, Milwaukee, Oct. 3-5. The first-day agenda will also include a talk by Walter G. Dithmer, regional director Insurance Information Institute, Chicago, "A Forward Look in Public Relations," as well as the local board dinner that evening.

The general session the second day will include a talk by Clifford Reckling, editor the Weekly Underwriter, on "A Forward Look at Your Company Relations," as well as reports of the secretary-treasurer, state national director, a report of administration, and election of officers. There will also be a breakfast for CPCU members that day.

Second Day Events

Other events of the second day include a panel on insurance statutes, workshops for large lines and personal lines agents and the annual banquet. Harry E. McClain, Indiana commissioner will be the luncheon speaker. Moderating the panel will be Commissioner Charles L. Manson of Wisconsin. Panelists will be Paul H. Mast, executive secretary of the Wisconsin association; Charles H. Timbers, deputy commissioner; Stanley DuRose, assistant deputy commissioner; Jerry Scheibl, department rater, and James C. Herrick, association counsel.

John J. Batenburg will act as coordinator of the large lines workshop, the speakers being Stanley McPherson, insurance buyer Pittsburgh Plate Glass, and Audrow Nash, superintendent of sales promotion, fire and casualty agency department Travelers.

Harland Klipstein, Madison, will be coordinator of the personal lines session, with Bernard P. McMackin Jr., assistant editor Fire, Casualty & Surety Bulletins, and T. L. Mulcahy, associate manager Continental-National group, Chicago, as speakers.

Final Day's Sessions

The final day will consist of a general session in the morning, during which the general business meeting will be conducted, the resolutions committee will make its report and three speakers will be heard: Richard M. Heins, professor of insurance University of Wisconsin, who will discuss regulation; John L. Morgen, systems representative Remington Rand, Milwaukee, speaking on office systems, and Calvin D. Johnson, executive assistant to the vice-president Remington Rand, Washington, D. C., "A Forward Look in America."

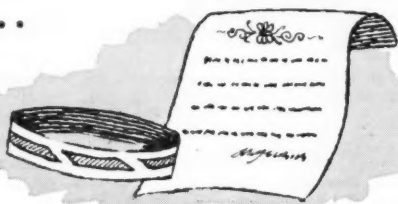
Floor show at the banquet will be through the courtesy of General Casualty of Wisconsin, Time and Northwestern National.

H. E. Timmons To Retire

Henry E. Timmons, Kentucky state agent of Aetna Casualty, has announced that he will retire Nov. 1. He has been with the company for 39 years, for several years at Indianapolis before moving to Kentucky.

Brame, Ward & Hancock managing general agency of Montgomery, Ala., has marked the 25th year of operation under the present name. The organization was founded in 1920 by Albert J. Brame and operated under his name until the new firm was formed in 1936.

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15% DEVIATION: Fire and Allied Lines

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Insurers Short On Some Coverages: Mertz

(CONTINUED FROM PAGE 2)

American industry with all the types and amounts of coverage it wants, he continued.

Inflexibility of state rating acts and regulations must share the blame, the speaker said, and named the laws of six jurisdictions—Texas, North Carolina, Virginia, Louisiana, Mississippi and the District of Columbia—as being the most restrictive.

He asked for the “unloosening of some of the unnecessary fetters that bind the admitted insurers and giving them a better chance to match the speed and flexibility of their unlicensed competitors.” One step in this direction would be to provide by statute that whenever placement of a given risk with non-admitted companies is permitted under the surplus lines law, admitted companies desiring to do so may meet the competition of the non-admitted companies without regard to the rating laws, he declared.

“As another important aid in the solution, our association believes that basic shortcomings of the all-industry laws themselves should be squarely

confronted and rectified,” said Mr. Mertz. “I am referring among other things to the fact that fire and casualty insurance is still regulated under separate rating laws in most states; that all rate and coverage changes must await affirmative approval or running of lengthy waiting periods; that the rating standards of excessiveness and inadequacy are not defined and are therefore somewhat ambiguous; and that bureaus and other powerful groups have been able as ‘aggrieved persons’ in hearings and litigation to obstruct competition by independent companies.”

He asked for the “interested and sustained” attention of the insurance buyers—“not only to those conditions and developments in our business which immediately affect you, but also to those related matters which may at the moment seem peripheral.”

Explore Every Available Avenue

He urged buyers always to explore and pursue every available avenue for local placement before resorting to the non-admitted market, and that, if the only thing preventing an admitted company from providing the coverage and rates desired is failure by an insurance department official to grant approval, the corporate buyer “go to bat” for that company with the official before turning to non-admitted sources.

“The corporate insurance buyer has a vital stake in the efforts of our association and others in the legislative arena to minimize future bottlenecks by eliminating the prior approval mechanism. That mechanism is outmoded, the original reasons for its existence have been debunked or rendered obsolete, and it now serves only as a millstone around your and the insurance companies’ necks. Freed of this millstone, the progressive-minded companies would be in a far better position to deliver the forms of protection you need when you need them.”

Mutual Engineers Plan Fall Meeting On Loss Prevention

Assn. of Mutual Insurance Engineers, assisted by Federation of Mutual Fire Companies, will hold its fall meeting Oct. 23-25 at San Francisco. The conference will bring together engineers, inspectors and field men to hear qualified professional engineers, architects and fire prevention specialists discuss loss prevention problems.

Among topics discussed will be fire problems in shopping centers, supermarkets, heavy timber construction, land subsidence and earthquake, prestressed concrete, forest products, and bowling lanes. Guest speakers will include Loren Bush, president National Fire Protection Assn.; G. E. Troxell, University of California; Deputy Chief Kruger of the San Francisco fire department, and Deputy Chief Hill, Los Angeles fire department.

Mutual Of Omaha Starts Intensive Ad Campaign

Mutual of Omaha is launching an intensive advertising campaign this fall. Headlining the campaign on TV will be Chet Huntley, Bob Considine, Jack Paar, Arthur Godfrey and “Father Knows Best.” Among publications carrying ads will be Reader’s Digest, Parade, This Week, the American Weekly, and Family Weekly. The program is planned to emphasize the individual salesman and the new “good neighbor” policy of income protection plans.

Cal. Mutual Agents Name McClung Mr. Mutual Agent

California Assn. of Mutual Insurance Agents has named Charles E. McClung, Los Angeles, Mr. Mutual Agent of California. The selection is made from resumes of agents’ careers, contributions to mutual insurance and civic activity, submitted by area managers of mutual fire and casualty companies.

Mr. McClung started his agency in 1939. He is president of the California association. His resume will be submitted to NAMIA for consideration as Mr. Mutual Agent of the U. S.

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Home Office, Tacoma

Motel Policy Panel At Pueblo I-Day

Pueblo, I-Day featured a panel on the multi-peril motel policy. Participating were Ben Matthesen, superintendent multi-peril department Employers Liability; Bruce Chittenden, state agent America Fore Loyalty group, and John Williams, special agent Travelers.

Forrest Johnson, special agent Fireman's Fund, described the difference between the motel and apartment multi-peril forms. William Worthington, special agent National Union, and John Murphy, casualty superintendent of U.S.F.&G., analyzed the handling of workmen's compensation.

The meeting concluded with an open forum on the special auto policy.

American Cas. Names Two

American Casualty has named Frank S. Schultheis manager at Omaha. He had been a senior multiple line special agent at Chicago.

U. Grant Hull has joined the home office property department. He will be active in development, underwriting and production of commercial multiple line risks.

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Whiskey Warehouses In Ky. Get Fire Rate Cut

FRANKFORT—Lower fire insurance rates for whiskey warehouses have gone into effect in Kentucky. The reductions average about 8% and further decreases may be obtained for individual warehouses by providing them with standard lightning protection. Two recent large fire losses at whiskey warehouses were attributed to lightning.

It is estimated the new rates will result in total premium reductions of about \$85,000 a year. If all warehouses were provided with lightning protection, the total reduction would amount to about \$131,000.

AMIA Issues Booklet On Hiring Disabled Workers

A new booklet, Workers Worth Their Hire, has been published by American Mutual Insurance Alliance for distribution to industry in cooperation with President Kennedy's Committee on Employment of the Physically Handicapped.

The booklet's purpose is to correct misconceptions held by many as to the desirability of hiring physically handicapped workers. Among these are that handicapped workers are more likely to have accidents, that the employer's workmen's compensation costs will rise if he hires them, that such workers are frequently absent from their jobs, that the handicapped are not good prospects for long-term employment and are not promotable, and that their production is not up to standard.

The booklet points out that physically handicapped persons, when properly placed, trained and supervised, work at least as safely as others. Workmen's compensation costs depend upon the relative hazards of types of work and upon the employer's overall accident experience. Absenteeism among such workers is no greater, and often less, than among others. Many such workers have been with the same employers for many years, and frequently have been promoted. They produce at slightly higher rates than unimpaired workers under proper conditions.

Trinity Universal Has New Property, Casualty Units

Trinity Universal has established new property and casualty divisions to better coordinate and administer production and underwriting nationally.

Harold Cabness, district field manager at Houston, has been transferred to the home office to manage the property division. A. J. Tyler Jr., vice-president and agency director, has been appointed to direct the casualty division.

2 Chicago Assns. Set Outing

Casualty Underwriters Assn. of Chicago will hold its annual joint outing with Burglary Underwriters Assn. of that city at St. Andrews Country Club, Sept. 29. Reservations may be made through Richard Todhunter, Ins. Co. of North America, 231 South LaSalle Street, Chicago 4.

Pierre R. Vallet of North America's New York office has been named chairman of a new National Fire Protection Assn. committee formed to deal with fire safety in boat yards and marinas. This area was formerly handled by the NFPA committee on motor craft.



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